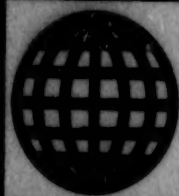


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2 February 1994



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JPRS Report

Near East & South Asia

INDIA
Press Reaction to GATT Signing

Near East & South Asia

INDIA

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JPRS-NEA-94-005

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2 February 1994

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Effects of Accession to GATT Viewed

94AS0112C New Delhi PATRIOT in English
17 Dec 93 p 8

[Article by S. Sethuram: "Will India Gain From GATT?"]

[Text] At last, a new world trading system is emerging from the tortuous negotiations spread over seven years which could have been short-circuited had a deal on farm subsidies been struck by USA and the European Community at the ministerial meeting in December 1990.

That collapse was followed by the comprehensive Draft Final Act (DFA) popularly known as "Dunkel Draft" to which India had been the bitterest opponent among developing countries.

The positive conclusion of the Uruguay Round on December 15 is undoubtedly a major milestone for the global which now enters an era of greater and fierce competition for markets by both developed and developing countries.

Most of the world barring former Soviet Union and China, which are yet to be formally admitted to GATT will be bound by the new rules and disciplines governing international trade.

Who will gain more and who will lose out in the bargain will depend more on each country's outward-orientation, its productive efficiency, and competitive strength. To the extent that India measures up to these standards, it should stand to benefit, if not in the short-run, at least over the longer term.

India had from the beginning taken a clearcut stand that its hopes are bound up with only a multilateral trading system with transparent rules and non-discriminatory treatment.

This does not mean that protectionist barriers raised over the last decade by the major industrialised nations are going to be instantly lowered. Nor would the global accord in any way diminish the ardour of nations seeking regional fortresses. For India, which is not in any of the trading blocs, the single market of Europe or NAFTA, which comes into existence on January 1, 1994, multilateralism provides the best insurance against marginalisation, especially given its already low share of world exports at around 0.60 per cent.

Developing countries could have got a better deal in the Uruguay Round had there been effective coordination among themselves through the long period of negotiations. The South-South cooperation was not brought into sharp focus while it has been ritualistically emphasised at meetings of G-15 or other forums of developing countries.

India's main concerns with the Dunkel Draft were in respect of intellectual property protection, textiles, agriculture and services. It became difficult to get any revision of the Dunkel text in regard to Trade-Related Intellectual Property Right (TRIPS) when all developed nations as well as a large number of development countries themselves had gone with the kind of intellectual

property protection regime provided for. Of course, there is a ten-year transition period before India would have to fall in line with the new regime.

In textiles, developing countries seem by and large satisfied with the phasing out of the multifibre agreement though the maximum liberalisation would materialise only in the latter half of the ten-year period from January 1, 1995.

India has been assured by its major trading partners and GATT Director General Peter Sutherland that the Dunkel Draft would not affect present level of subsidies to agriculture or the food security system through public distribution or use of seeds by farmers. In services, it is not clear whether India's interests (labour migration) have been embodied in the final document.

Overall from India's point of view the outcome of the Uruguay Round should be regarded more positive than negative. Until India becomes internationally competitive, there is the risk of its market being more open and being flooded with cheaper imports. The only safeguard against this would be an effective anti-dumping legislation. Also India is entitled to retain some non-tariff barriers so long as its balance of payments situation continues to remain difficult.

While the East Asian economies owe their dramatic success to exports of manufactures—an area where India could do equally well now that the economy has been liberated to a considerable extent—India can also become a significant exporter of agricultural commodities without domestic injury as the country is capable of producing surpluses, especially in superior varieties of rice and commercial crops.

The Uruguay Round had largely been played out as a big power game and the developing countries, more than 45 of which had started reforming their economies were watching helplessly. They felt so frustrated that any deal would have been welcome for them. It is in this situation that India could achieve little in what started as the most ambitious and comprehensive trade negotiations in 1986.

A strengthening GATT with safeguards mechanism and trade dispute settlement machinery can be expected to monitor the observance of the new rules and disciplines more effectively.

Dunkel Causes Uproar in Parliament

94AS0110F Varanasi AJ in Hindi 17 Dec 93 p 6

[News Report: "Both Houses in an Uproar Over Dunkel"]

[Text] New Delhi, 16 December—For the second day in a row, there was uproar in both houses over the Dunkel signing, and the Lok Sabha activities were stopped first until noon and then until 1400. The Rajya Sabha activities were postponed until 1430.

The opposition members of both houses gathered around the seats of the majority members to show their

opposition to signing the Dunkel proposals and demanding that the prime minister come to the House to clarify the situation related to Dunkel. In the Rajya Sabha, after the morning noise, the question-answer period began, however, nothing was achieved in the Lok Sabha. The opposition members accused the government of insulting the Parliament by signing the agreement without taking them into confidence.

The opposition disrupted the questions session in the Lok Sabha by making noise and raising slogans. After 20 minutes of pandemonium, Vice Chairperson Mallika Arjunaiya postponed the House activities until noon. As soon as the meeting began, the opposition members demanded that the prime minister should attend the meeting. They raised slogans in support of their demand and gathered around the chairperson's seat.

Jaswant Singh was the only BJP member present in the House. The members said that the government had sold out the nation by signing this agreement. The statement of Mukul Vasnik, minister of state for parliamentary affairs, that the Commerce Minister Pranab Mukherji was ready to clarify the whole situation in the House did calm the opposition members.

However, the opposition members continued to demand that Mr. Rao must make a statement. Mr. Vasnik said that making all this noise will not help anyone. The opposition leaders continued to raise slogans such as "revoke the Dunkel agreement" and "stop selling out the nation." Later, the slogans asking for resignation by Narasimha Rao also echoed in the House.

These members standing in front of the chairperson's seat were saying that the Dunkel agreement was an agreement to accept economic slavery. The government, they said, had made agreement against the nation's economic interests, and this government does not deserve to stay in power.

The vice chairperson repeatedly said that the commerce minister was ready to make a statement during the questions period. He said that the prime minister could not come to the House for some reason, however, the opposition members were adamant about the prime minister's attendance.

Mr. Vasnik, the parliamentary affairs state minister, said that it was the opposition that had asked the commerce minister to make a statement, and now it is refusing to hear him. He asked the vice chairperson to set a time for the statement. Janata Dal's George Fernandes said that India by signing this agreement had become a U.S. colony. He wanted to know what the Parliament was for now.

Mr. Pranab Mukherji had some discussion with the vice chairperson during that time. Somnath Chatterji of the CPI (M) said that the whole nation and the House was angered by the government's action.

Acceptance of Dunkel Seen Spur to International Trade

94AS0110G Varanasi AJ in Hindi 17 Dec 93 pp 1, 7

[News Report: "Dunkel to Help Increase India's Share in International Trade"]

[Text] New Delhi, 16 December—The government clarified in the Lok Sabha today that India's share in international trade will increase with Dunkel proposals, and it will not affect the public distribution system in the country. The opposition members who had been angrily protesting Dunkel since yesterday agreed to listen to Commerce Minister Pranab Mukherji on condition that this issue will be discussed in the House with the prime minister present there.

Mr. Pranab Mukherji said that the government had concluded after a lot of thinking that India will benefit more by the Uruguay agreement that will increase international trade. He said that India's export may increase by \$1.5-\$2 billion.

Mr. Mukherji informed the House that the Uruguay talks were finished the night before. At the same time, agreement were made on intellectual property related to trade in the areas of services and products, investment means, and general agreement over garments and agricultural products. These will be approved by the governments of 117 nations that are taking part in these talks.

He said that the government had clarified several times in the Parliament that India supports multi-party trade which profits all the member nations.

Mr. Mukherji said that the agreement has made it clear that only 10 percent of the total agricultural product can be given in agricultural subsidies, and this is more than the present subsidies. Mr. Mukherji said that the agreement has also clarified that the assistance to the urban and rural poor does not come under this system. Thus, our public distribution system will continue without any problem.

The commerce minister also said that the government will provide ample protection to farmers and researchers in the area of seeds. He said that the agreement does not call for patenting natural genes and genetic process. He made it clear that the changes the government is making in patent laws in two years will have no such provision.

Discussing ways for investment in business, Mr. Mukherji said that the government has the right to decide what kind of foreign investment it should allow in the country. Discussing the agreement over cloth trade, he said that we are not satisfied with the desire of the importing nations to keep the present system for the next 10 years and increasing the import quotas.

Mr. Mukherji said some industrialized nations tried to change the clothes agreement against us during the past phase of the talks, however, we successfully defended our stand. These countries said that India was taking advantage of the open trade arrangement and was competitive in garment trade, but still had closed its own market.

Mr. Mukherji explained that the permanent committee of the commerce ministry had thoroughly discussed the Dunkel draft and had recommended that India should try to protect its interests in the areas of agriculture and intellectual property, and should participate in multi-sided trade structure so that India is not left alone. The commerce minister said that instead of following another option, our participation in this agreement will help us benefit from the international market.

Acceptance of GATT Seen Against National Interest

94AS0110H Varanasi AJ in Hindi 19 Dec 93 p 6

[Editorial: "Helpless Alternative"]

[Text] Prime Minister Narasimha Rao has said that agreement on the Dunkel proposals is the best alternative in the present situation. The prime minister has thus admitted that we are obliged to accept it. What else can we do? We cannot proceed with the process of economic liberalization if we reject the agreement. Our share in international trade is only one percent and our situation could get worse if we stay out of this multi-party international agreement. The permanent committee of the commerce ministry had recommended to the government that the country should participate in multi-party trade so that it is not left alone. The world has divided into many small and large trade groups. On one side are the major economic powers like the United States and Japan and such powerful groups as the European Economic Alliance. On the other side are the developing countries like India burdened with foreign debts. A few advanced nations are monopolizing international trade. It is their voice that is heard on all the economic and trade platforms. Despite their majority, the voice of the developing countries is lost like that of a "flute in a drum band." Mr. Rao said that our government has done what was the best thing to do. According to him if India had not opposed some of the Dunkel proposals resolutely, the Uruguay decisions would have hurt our nation. There is no doubt that India and other developing countries have managed to remove some problematic provisions in the Dunkel proposals, however, we cannot claim that our efforts to protect our interests in the area of agriculture and intellectual assets have been successful. Commerce Minister Pranab Mukherji has also admitted in the Parliament that he was not satisfied with the decision of importing nations to keep the same system of garment imports at the rate of import quotas for the next 10 years.

The nation, especially the opposition parties, are opposing the Dunkel proposals. They fear that it will make us lose our economic autonomy and our nation will be forced to become a slave of the economic powers. They call this agreement contrary to the farmers' interests. They claim that the result of the farmers' hard work will be devoured by the foreign companies. They are also asking while opposing the government that it should resign since it cannot protect our national interests and should stay out of this agreement. The talks and debates

that had been going on in our country over the Dunkel proposals for the last seven years have made the situation even more complex, instead of clarifying it. The government did not try to clarify this situation. This made the Dunkel look scary to the nation. When the Uruguay talks began in 1986, India had strongly opposed intellectual asset rights, use of services, and rules for investment, and had asked that these be kept out of the proposals. It was neither supported nor approved. India demanded that clothes trade be made a part of the agreement, however, because of the direct and strong opposition by the United States, it was kept out. India has to be satisfied with begging for mercy. Commerce Minister Pranab Mukherji is correct in saying that give and take is required in international agreements. However, what did we get in exchange for what we gave? All we see are empty promises and serious challenges. This naturally augments suspicions and fears. The fact is that our nation's economic future has become uncertain instead of becoming secure. In the chess game of Uruguay talks, the group of industrialized nations have set in and the pawns of developing countries like India are being beaten. A year ago, there was a fear that a trade war will start among the affluent nations. This has gone now and is replaced by the fear that exploitation of developing countries will increase.

India is an agricultural nation. Its economy is based on agricultural production. Therefore, the interests of the farmers cannot be neglected at any cost. Commerce Minister Pranab Mukherji has tried to assure the Parliament that full attention will be given to such important issues as government subsidy to the farmers, public distribution system, patenting of seeds, and drug prices. The farmers will have the right to store seeds, use them again, and barter with each others. Not only this, they will have the right to sell their products in any international market. The agreement does not have much responsibility for naturally developed genes and the patenting the genetic process. There are no restrictions on investment policies. Still, Mr. Mukherji has not answer to the fear that this agreement will affect drug prices. The government says that it will control prices by encouraging production of domestic drugs. Whatever happens now, since we had no alternative but to accept the Dunkel proposals, we should prepare ourselves for the upcoming challenges. We can be successful in getting our fair share in international trade if we are determined and follow the right path. We must start a major campaign on war footing to make our economy export oriented. In order to face the unfair situation created by the affluent nations, we have to expand bilateral cooperation with some nations. At the same time, we must strengthen cooperation among the developing nations. All this cannot be done at once. We will have to work for a long time to attain it, only then can we be successful. Only a stable government can do that. Therefore, we must end the efforts to create political instability.

GATT Forecast to Skyrocket Price of Medicines

94AS0112D New Delhi PATRIOT in English 19 Dec 93 p 7

[Article by Avinash Alok: "Does Uruguay Round Hold Good for India?"]

[Text] The last phase of Uruguay Round of talks on global trade liberalisation has been dominated by the question of European farm products' access to the US and other farm exporters. It is the same United States which had secured an important concession in the post-war years; the granting of a waiver that agricultural policy and trade in agricultural goods should be exempted from the GATT rules. This was a time when the US pursued a policy of extensive subsidies that kept the American farm prices high, a policy that led to the generation large farm surpluses.

India as one of its founder-members is among the 116 which are likely to reach an 'agreement' by December 15. What is in store for it? It has been estimated by the Organisation for Economic Cooperation and Development (OECD) that a GATT agreement could enrich the world by as much as \$270 billion by the year 2002 AD.

Indian economy is apprehensive about most of the liberalisation aspects. So, there is no denying that the Indian pie out of the amount estimated is likely to be very small and the cost of getting that pie also remains unestimated. But, we are likely to be one of those signatories whose voices were not heeded.

The Draft Final Act (DFA) or the Dunkel Draft, as it is popularly known, envisages for patents rights to be available to both products and processes. At present, the Indian Patents Act of 1970 gives patent rights for processes and not for products in cases of food, medicines and substances produced through chemical processes. Even for the processes of these products, the patent period seven years from the date of application or five years from the date of sealing of the patent, whichever is earlier. The DFA stipulates a minimum of 20 years for every process and product.

It is feared that the market prices of various medicines, which are lowest in India, will go beyond the reach of the poor class. In the field of agriculture it means granting of products and processes patent to all bio-technological innovations. This means that all plants and animals growing outside purely natural surroundings can be patented, and further that, even natural plant varieties should be protected by a *sui generis* system. This has the potential implication of disallowing Indian farmers to keep aside a part of their products for seed.

Right to seeds

GATT Director General Peter Sutherland has though put this fear to rest. In his recent visit to India, he has said that farmers' right to retain a part of their crop as seed in subsequent crops would be completely protected, since the DFA did not envisage any change. He clarified

that even informal exchanges of seeds, as exists in the country, could continue. But, commercial sale would not be possible.

In the area of subsidies of agriculture it has been pointed out that the aggregate support measures (subsidies) calculated on the basis of norms suggested in the DFA, amounts to either negative or negligible for most of the crops cultivated in India. The DFA provides for a maximum limit of 10 per cent of aggregate subsidies. In this case too, Mr Sutherland has said that agricultural subsidy in India would not be affected as Indian concern to maintain the food security system was fully understood by the contracting parties to the GATT.

Textile being one of the most important segments of our exports sector is causing more anxiety than anything else. India demands higher percentage of integration of the clothing and textiles sector in GATT in the beginning of the transition period, once the Uruguay Round results are put in place. India has termed the present DFA proposal of 10 years transition period for integration as a back-loaded one. The demand for a front-loaded arrangement received a setback when Mr Bill Clinton's administration conceded to its Congressmen from textile-producing States, during NAFTA debate, that it will demand the 'longest possible phase-out' of an integration of the textile and clothing sector into GATT.

Trade in services is another area which is being debated. The DFA proposals require that foreign service enterprises be treated at par with the domestic enterprise. But ruling out of free cross-border movements of persons, (except some vague provisions for temporary migration of skilled labour, hedged by requirements of reciprocity) ensures that this benefit goes entirely to the development countries. Although services contribute more to the national income than industry and agriculture in India and are developing fast, it is still at a very pre-mature stage vis-a-vis developed countries.

The requirements under the Trade Related Investment Measures (TRIMS), like waiving of restrictions on multinational companies, stipulate use of a minimum of local content in production or impose on them any export obligations which have already been done away with.

Although, it sounds like succumbing to the masters of the unipolar world, one point is noteworthy. The DFA proposals offer a much better deal on patents than the countries like South Korea, China and Mexico, which went into an agreement with USA to avoid trade retaliation under Special 301. China, for example, has agreed to provide protection to all the drugs patented in the US since 1986.

As India will have to bring these into force only in the year 2003 AD, after the 10-year transition period is over, it is getting a clear advantage of 17 years. And the fact that the Indian bargaining power in the trade is very low, the best which can be expected is that some of its demands on patents, textile and services are incorporated.

Environmentalism interviewed on Her Anti-Dunkel Movement

94AS0112L New Delhi ORGANISER in English
19 Dec 93 p 8

[Interview with Dr. Vandana Shiva by Pramod Kumar:
"Dump Dunkel Proposals"]

[Text] *Dr. Vandana Shiva is a particle physicist, who is internationally acclaimed more as a feminist-ecologist and has been actively involved in the Chipko and World Rain-forest movements. She has been a Consultant to the United Nations University, Tokyo. Currently, she is Director, Research Foundation for Science, Technology and Natural Resource Policy at Dehra Dun and Ecology Adviser to the Third World Network. In 1982, Dr. Shiva left a prestigious job at the Indian Institute of Management, Bangalore, to set up an independent research institute called the Research Foundation for Science, Technology and Natural Resource Policy, in order to contribute more effectively to movements like Chipko. The Tehri Dam controversy has brought to the fore Dr. Shiva's contribution to human rights when she successfully challenged the illegal arrests of Chipko activists including women and children. She has initiated a national people's programme, Navdhanya, for conserving natural resources and conducting people-based research in agriculture. The book Cultivating Diversity, was born out of this project. Dr. Shiva has authored several books including Ecological Audit of Eucalyptus Cultivation; Staying Alive: Women, Ecology and Survival in India; Violence of the Green Revolution; Third World Agriculture, Ecology and Politics; and Monocultures of the Mind: Biodiversity, Biotechnology and the Third World. Dr. Shiva is a recipient of several awards including the Order of the Golden Ark, Earth Day International Award, Global 500 Award and Right Livelihood Award also known as the alternate of Nobel Prize.*

Environmentalism Dr. Vandana Shiva refuses to accept the Dunkel Proposals at any cost. She is fighting against it. Excerpts from her conversation with ORGANISER on the impact of the Dunkel Proposals on the seeds, agricultural research and environment.

Q: In spite of stiff opposition to the Dunkel Proposals Central government appears to have made up its mind to ratify it. Your comments?

A: This government is going neither with the support of the people nor with the conviction that winning the support of the people is its duty. When governments think that they come into power only with the help of multinational companies and foreign agencies they assume that they will not be dismissed as long as they can keep the latter happy. At the same time they seem to forget that they are sovereign governments of an independent country and not servants of the World Bank, IMF or GATT.

In a democracy if a people make a government they can also dismiss it. When a government starts getting monetary help from foreign countries to stay in power they stop giving importance to national interest. In India it

started with the Bofors case. I can say with confidence that multinational companies, World Bank and IMF have increased corruption in our country.

Q: Do you think that the policy adopted by the Central government on the Dunkel Proposals is in national interest?

A: No, it is absolutely an anti-national policy. Only those policies are in national interest which give prime importance to our own people's interest.

Q: Indian farmers love their seeds as their children. They would rather starve than destroy the seeds. In times of famine one witnesses people dying of hunger but they would not consume their seeds. If the Dunkel Proposals are accepted what will be its impact on the indigenous seeds?

A: According to an advisor to the World Bank a country in which many farmers live is backward. But our country too has many farmers because our culture is connected with our soil. We have a farming culture which is based on forest culture. "First of all the seeds, later our life." This view is fully imbibed by our farmers. That is why Indian farmers love their seeds as their children. Indian farmers know very well that their freedom is connected with their seeds. The day their seeds will be taken over by the multinational companies they will become slaves.

When the new seeds come into the market, the World Bank starts offering grants to the farmers for purchasing seeds. Now the World Bank is discontinuing the practice. Having patented the seeds it will be compulsory for every farmer to purchase seeds only from the multinational companies. If they are not able to purchase the seeds, World Bank will give them loans (not grants). We will continue to get loans and after ten years the pressure of World Bank will increase. Again western countries are pressurising us to accept Intellectual Property Rights and Patent Rights. Altogether it is a conspiracy to enslave us.

Q: The East India Company came to India for business and after some time it ruled the country. Is it not a similar conspiracy hatched by western countries?

A: It is the same situation again. There are only two things different now. Then it was only the East India Company; now there are 18-20 companies. Secondly the East India Company had recourse to gunpowder. Now they do not need gunpowder. They want to have their man in the finance ministry. Their economics works like gunpowder and our finance ministry has been doing the job of the gunpowder. I think we are faced with three world criminals, World Bank, IMF and GATT.

Q: What will be the impact of the Dunkel Proposals on our agricultural research?

A: The very basis of our agricultural research will be destroyed. In my opinion there are two types of agricultural research in India. Firstly, that which is done by the farmer himself and secondly the scientist's. No farmer in India engages in farming without thinking, without

understanding and without the basic traditional knowledge. Now the Indian government is cutting down the funds for the agriculture universities under pressure of the World Bank. It is a suicidal step.

If the Dunkel Proposals are accepted, the agriculture sector will cease to be under our own government. For whom will the agricultural scientist then do the research? Multinational companies will not do the research themselves. Our Ph.Ds, M.A.s and scientists in their research universities will be exploited and their talent misused to fool our farmers. In this situation indigenous agricultural research will suffer and our farmers will have to grow only that which the multinational companies provide.

Q: At present there are more than 1,800 multinational companies in India. More than 300 multinational companies entered India after the government implemented the new economic policy. These companies have occupied every production field in India, which has severely affected our traditional industries. Many nationalist organisations and political parties have appealed to the countrymen that they should use only indigenous goods and boycott the multinational companies' products. Do you think it would be right?

A: As far as I think what provides jobs and food for people is swadeshi. As long as our weavers will not have work, how will they subsist? Patronising Pepsi chips will be like taking steps against our farmers as our farmers will then be removed from production. So I start the swadeshi movement from the people, not the products. We should not see what production comes from which company. We should see which hands make it. If the hands are swadeshi, the product will be swadeshi.

Q: Several movements have been launched for the boycott of multinational products. Do you think it will affect the production of those companies?

A: If we continue the movement for the boycott of multinational companies, it will destroy the monsters like Cargil and Pepsi. I say it without hesitation that an Indian attack on these companies will surely affect their production.

Q: India has an independent outlook and approach on environment. If view of our approach there should be no problem of imbalance in ecology and environment. Do you think we can preserve our environment without foreign help?

A: There is no need for foreign help. Once we start getting foreign help for environment, it will not be useful for our country. Because the philosophy of the western countries is business oriented. Even parent-child relationship is materialistic. Their outlook on and approach to life is different from ours. They exploit nature; we are only milking it.

Q: What role can women play in maintaining ecological balance?

A: Women have been playing a very effective role in India since yore. In our Chipko movement women themselves come forward, chiefly very simple village women. Every Indian woman has a great philosophy

about environment. We should take their thinking seriously and also include them in every movement.

Q: Basically you are a physicist. How did you come to interest yourself in environment and agriculture?

A: There are two reasons. The reason for which I had gone into the field of physics is the same for my coming into the field of agriculture and environment. I am a human being before being a scientist. My humanity has brought me into this field.

Q: In the past two years you won four international awards. How do you feel about it?

A: It makes no difference.

Q: Whom will you give the credit for this?

A: To my parents and my family. With their help I have reached this stage. Usually many restrictions are put on the woman in our society. But my parents did not confine me to any conventions. They helped me at every step.

Q: Indian politics has undergone great changes. Old parties have lost the support of the people and new parties and leaders are coming into power. What do you expect from the new parties and the new leaders at this transitional stage?

A: There is no worthwhile political leadership in our country. Apart from the political parties there are some honest and true leaders in social movements. I hope that they would lead the fight against fraud and corruption.

Q: Although large-scale industries create ecological imbalance but in preference to rural industries they are necessary for development. Do you see any utility for the rural sector?

A: We should give due importance to the rural industries wherever they can be more useful than the large-scale industries. Abolishing the rural industries will never be in the interest of Indian economy.

Dunkel Said to Threaten Self-Sufficiency

94AS0112H New Delhi PATRIOT in English
20 Dec 93 p 4

[Article by Parshuram Ray: "Dunkel Forces Us to Import Food"]

[Text] The Dunkel proposals will place severe limitations on the autonomous policy making in the field of agriculture. For the first time in the history of independent India, the vital sector of agriculture will be subjected to an international discipline which has been basically evolved to suit the interests and requirements of industrialised countries and which shows little understanding of the problems and needs of a country like ours where trade considerations are marginal and subsidiary and where the process of economic development is essential, says Mr S.P. Shukla, former Finance Secretary to the Government of India and former ambassador of India and Permanent Representative to GATT at Geneva.

The main objectives of the Dunkel Draft on agriculture are to free the agricultural sector from all forms of controls and interventions by the government and from all restrictions on imports, so that the dominant multinational corporations (MNCs) in the agribusiness find easy access to the markets of developing countries such as India.

Changes are being sought on four fronts: (a) Lowering of subsidies given to various agricultural inputs, such as fertiliser, electricity and water, (b) importing a given percentage of domestic consumption even if the country is able to meet its needs from domestic production; (c) introducing patent rights in agriculture; and (d) scrapping of priority sector credit programmes that would directly affect agriculture.

The Dunkel draft also places strict restrictions on the subsidisation of food, as in India's public distribution system (PDS). According to Dunkel, subsidised rations may be given to only those fitting certain "clearly defined criteria related to nutritional objectives." The World Bank, in various reports, has been demanding precisely the same. The Dunkel proposals require the countries to maintain the public distribution system only through purchase at market price.

This means the government cannot interfere with the price settlement mechanism, as it can do now. The consequences of buying at market price may not be apparent in times of plenty, but in times of shortages, compulsion to buy at market prices can mean suicidal for the country's ability to procure and stock food and release for consumption at subsidised rates. This in itself would be enough to push us into a dependence on imports. The buffer stocks have been critical in stabilising the prices of essential foodgrains.

The second threat for the agricultural sector would come from the open competition with the cheap imports, largely from the granaries of the Western countries. The Dunkel proposals stipulate minimum market access for imports to be provided by the countries which do not import foodgrains.

India being only an occasional importer of foodgrains, would have to allow imports. In the first year of implementation of the Dunkel proposals two per cent of the country's domestic consumption would have to be imported and this figure has to go up to 3.33 per cent at the end of 10 years.

The implications of such compulsory imports are two-fold: (a) domestic production would face competition from the cheap imports provided by MNCs engaged in agribusiness; and (b) attempts by the country to achieve self-sufficiency in food would be thwarted.

The penetration of cheap imports could lead to a diversion of consumption from local products, resulting in a greater dependence on imports. This would cause (a) the uncertainty that comes with dependence on imports, and (b) the scarcity of foreign exchange required to pay for imports.

Implications of a cut in subsidies in the European Community whose subsidy on agriculture amounts to something like \$200 billion are being interpreted by the Commerce Ministry as a great benefit. A 20 per cent cut in the EC would mean roughly \$40 billion less subsidy in the EC. This cut will get expressed in the increase in prices of temperate crops and not tropical crops which constitute India's export interests. The temperate crops include edible oil, wheat, sugar, meat and milk products, fruits and vegetables. In edible oil we are not self-sufficient and still import a large part of our consumption.

The market access compulsion and higher world prices will increase our import bill. So also for sugar. Importing at the 1986-88 level would mean importing significant amounts of sugar. As for wheat, rice and major cereals, we are just about self-sufficient. And depending upon, whether it has been a good crop or bad, we still are on the threshold of importing. So in signing the GATT our negotiating position would be not only as net exporters but with the stagnant growth of foodgrains after a period of 15 years, we may even become net importers. Thus higher world prices of these commodities will be to our disadvantage and not advantage.

According to Mr S.P. Shukla: "The most draconian aspect of the new discipline is in the area of domestic support regimes. The industrialised countries have enjoyed, for a long time, complete autonomy in the management of their agriculture. They persuade strong and complex regimes of domestic support policies through direct state intervention as well as indirect support measures.

Having reached a stage where agriculture constitutes a very small component of their economy both in terms of their national product as well as the employment potential, and also having reached a stage where the trade angle is far more important for their agriculture, they have now prescribed a strict discipline on domestic support which has to be followed by everybody."

Between 1982-1987, Japan extended 72.5 per cent subsidy to its farmers, the European Community 37 per cent, and the US 26.17 per cent. Whereas India extended a negative subsidy of 2.23 per cent, i.e., India taxed its agriculture.

Introducing intellectual property rights (patents) in agriculture would have far-reaching consequences. In the developing countries any improvement brought about in the plant varieties are not considered an exclusive private property of the individual or organisation undertaking this activity. Developed countries on the other hand give exclusive rights to anyone developing new varieties of plants or seeds for a definite period during which he or she can use the monopoly rights to exploit the market.

This system, as prevailing in the developed countries, is now sought to be forced on the developing countries. If this system is adopted by the developing countries, the farmers would get into a serious problem as agriculture

would be based on imported varieties as under the Green Revolution in India. The use of seeds over which a patent holder may have an exclusive patent right would create a permanent dependency.

Indeed the rights enjoyed by the owner of the patented seeds are such that they do not allow the harvested seeds to be sown for the subsequent year's production. Every year the farmer has to approach the company supplying the seeds to meet the requirements for sowing. The inimical consequences for the farmer can be better appreciated when one remembers that all major seeds companies in the world today are MNCs which trade not only in patented seeds but also in the patented chemicals that would have to be used to obtain best results.

The advent of biotechnology and the pressures on developing countries like India to patent biotechnological innovations has given rise to the possibility that domestic agriculture in these countries would be facing dependency syndrome. Biotechnology has been presented as the future technology for agriculture and is being developed in the laboratories of the MNCs. Claims have been made (which are largely unsubstantiated) that biotechnology has the potential of bringing about rapid increases in productivity in agriculture. But the adoption of this technology would lead to permanent strings of dependency on the MNCs.

The Dunkel proposals have yet another dangerous implication for agriculture. The priorities of the financial sector (bank and insurance) are being altered through the new rules for trade in services which the Dunkel proposals are seeking to introduce. Priority sector lending, a policy in banking which many countries like India have claimed to follow, would have to be discontinued. The agriculture sector, one of the major beneficiaries of priority sector lending would be deprived of funds.

Sweeping changes being attempted through Dunkel proposals have met with widespread opposition, especially from the farmers worldwide. The Asian women peasants, Korean farmers, cultivators in Japan, French farmers (most serious threat to GATT) and American people's networks, feel alarmed at the designs to take away control of all agricultural inputs—land, seeds, etc.—from the hands of small farmers by the powerful agribusiness firms. Collectively they are voicing their concern over the attempts to control agriculture and the lives of those dependent on it, by the corporate interest through seeds.

In Korean farmers have launched an anti-GATT campaign to resist further opening of Korean markets to rice imports. There are reports of various massive protests from Japanese and South Korean farmers against rice imports under American pressure, (while writing this article December 7, 1993).

Mr Shukla who is also co-chairman of the National Working Group on patent laws (India) warns: "The long-term implications of the threat to autonomous policy-making as a whole are too serious to be assuaged

by complacent calculations of the present level of support, by unsubstantiated and vague hopes about increased exports or by private clarifications sought from the GATT bureaucrats about some unclear formulations."

Government Said Unable to Fight Off Foreign Economic Domination

94AS0112G New Delhi PATRIOT in English 20 Dec 93 p 4

[Editorial: "No GATT, Without Dunkel"]

[Text] After the recent G-15 fiasco in Delhi, it is heartless to single out India alone for the Third World countries' supine surrender as their final act in the Uruguay Round talks. The long negotiations over the Generalised Agreement on Tariffs and Trade, incorporating the Dunkel proposals, have ended in Geneva, and in Delhi our government, having accepted the Geneva document, has defended its decision to accept it. It is one thing to accept the new global trade regime as a fait accompli and another to espouse its virtues which do not exist. When the Minister, in defence of the Geneva outcome, talks of globalisation and gain in world trade turn-over of \$1.5 billion to \$2 billion, he is repeating the obvious, without hazarding even a guess at India's likely share in this rise. What India's agriculture and the pharmaceutical industry would lose is by now known. Is there any justification for understating this grievous loss? India gains nothing if the government's spokespersons gloss over this side of the reality.

The West's agribusiness and food industry would gain the most—at the expense of Third World farming countries. If GATT ensures world trade expansion of even \$2 billion a year, that would be only one per cent of the world's gross national product. A large part of this gain, to judge by the concessions the US has extracted under the Dunkel proposals, would go to Euro-American food MNCs—BSN Groupe, Unilever NV, UBS, among others. These will have ensured access to Asian markets which were closed to them. Even the concessions the US was obliged to make to the French farmers would give protection to temperate zone farm produce, not to the tropical agricultural products. Euro-American pharmaceutical companies have reason to celebrate the occasion. At last they would be able to extract the pound of flesh from countries like India which have made considerable progress in being self-sufficient in the manufacture of basic life-saving drugs. These MNCs have long been demanding that India pay them royalty for "imitating" their unpatented drugs. Prices of medicines are bound to increase if the Indian pharmaceutical industry is made to cough out royalty for the drugs it has long been manufacturing on its own. One only hopes that in his natural anxiety to welcome the Geneva outcome the Commerce Minister did not understate the effect the new GATT regime will have on India's pharmaceutical industry. Already Zeneca, a drugs MNC, is talking of the money it would recover from Third World "imitators." When France threatened to block the Dunkel proposals on farming the US made concessions and the European

Community loosened the purse strings to give more subsidy to French farmers. When Portugal said that it [would] walk out rather than endanger its uncompetitive textiles industry, the EC allayed Portuguese opposition by guaranteeing \$455 million as compensation for five years. The Indian defenders of Dunkel have not said how the Geneva meeting has met India's grievances concerning farm produce, compulsory food import, patenting of seeds, cut in fertiliser and electricity subsidies and the continuance of non-tariff protectionist measures affecting low-cost, labour-intensive commodities export. While non-tariff measures will continue to deter India's export of textiles and stitched garments, European manufacturers of better quality clothes will benefit because the raw material prices will decline and the Europeans will gain access to the US market. If the protectionist wall favouring Europe's chemicals MNCs like BASF AG, ICI of the UK, and DSM NV of the Netherlands is lowered, these large firms might be persuaded to relocate their production units to low-income countries where anti-pollution laws are lax, wages low and the governments are bending over backwards to please the large foreign companies. A similar propulsion for relocation of manufacturing business of labour-intensive industrial products may be generated in other areas also. Illustratively, textiles unit may move out of Europe to seek relocation in Afro-Asia. Some "dirty" industries currently under pressure of Europe's anti-pollution laws would probably seek new homes in Third World countries.

In a world without the cold war and the developing countries, including the newly industrialised nations, in no position to put up a common front against a global trade regime tooled largely to favour the OECD countries of the northern hemisphere, India alone cannot tilt against the windmills. But what is expected of the government of the day is not adventurism but frankness—the gumption to tell our people that these are the areas where GATT is going to be inequitable to the less developed countries, especially India.

If the Indians have decided that discretion is the better part of valour, the French suffer from no such demoralisation. Without the Soviets' shadows over West Europe, the Europeans are able to stand up to the US to say that globalisation cannot mean Americanisation of the globe, and that Europe's culture is not going to be swamped by America's audiovisual floods. France blocked the doors to US films, TV and radio outpourings. Unlike Indians who have gleefully surrendered to the sky-piracy by foreign TV networks, France has managed to exclude the audiovisual products from the new GATT. Europe is not going to be America's cultural colony. If France has reason to resist foreign intrusion of European culture (through opening Europe to US films and TV), India had a great deal more at stake in the Uruguay Round of talks. The pity of it is that we have stopped bothering about our stakes. Had we fought for them and lost, that would have been a different matter. It is clear that we have no stomach for a fight.

Dunkel's Acceptance Seen Impoverishing

94AS01101 Varanasi AJ in Hindi 20 Dec 93 p 6

[Commentary by Rajeshwari Prasad Singh: "Dunkel Proposal: A Conspiracy to Impoverish the Nation"]

[Text] Forty-six years after independence, when a series of events are taking place very rapidly around the world, India appears to be directionless and stuck in a whirlpool of problems trying to stay above water. India is standing there dumbfounded by these problems such as increasing population; reemergence of ethnic and caste-related prejudices in human relations; control over government, communication, education, and economic structure by one-fourth of the population; arrival of the American dragons—the multi-national companies—to devour our culture and national identity; the society stuck in the quicksand of myopia caused by the loss of self-confidence while battling the standards of consumerism; loss of selfhood because of self-doubts, indecisiveness; and helplessness of major leaders engrossed in power and divided among themselves.

The spineless people hiding behind their seats of power are giving very weak reasons in support of the GATT proposals. Even a scholarly member of the Parliament Manishanker Ayyer has gone to extremes and supported the signing of this agreement. He said, "Since India had signed the original GATT proposals in 1948, it should sign those now." Mr. Ayyer and such ineffectual thinkers should see why France, European nations, Australia, and Japan are so interested in forwarding their interests in pacts signed in Brussels to Geneva. Many of these countries had sang the songs of praise when GATT was born in 1948. What special place did India get at the international platform? GATT is a sacrificial altar and the Dunkel is the sword. Geneva is the place where they sacrifice developing countries to satisfy the U.S. thirst for riches and for other developed nations, and Peter Southerland is Shiva. The only way to establish Ramrajya [ideal government] is to stop Meghnath's yagna.

The various varieties of carnivorous plants representing the U.S. ambitions born out of the rubble of communist regimes are dazzling us and pulling at us. The U.S. President, the secretary of state, and groups of senators and officials are roaming the world. The U.S. hunger for power has used the rungs of APAC, ASEAN, and NAFTA to reach the treasure of GATT. From among 116 countries only 20 or 22 countries are involved in the nominal tug-of-war of vested interests against the United States. Mickey Cantor, the U.S. representative, and Sir Leo Briton, who is representing the 12 European nations, are moving the pawns of their interests very carefully. The United States is forced to make changes in the agreement for the European interests. Even a country like Belgium is proudly announcing that it can boot the American proposals and GATT out in the context of issues related to television and films, because protecting culture is more important than the business interests. The Cannes Trade Group, a group of 14 nations under the leadership of Australia, can create new problems. South Korea may be

forced to open doors to import rice, but the Japanese Prime Minister Hata is keeping Geneva at bay from Tokyo.

Japan is in the process of taking a plebiscite over the GATT proposals. Dr. Mahatir, prime minister of Malaysia, has boycotted APAC and shown the courage to call it a vehicle to protect U.S. interests. France has got its stand on giving subsidy to the farmers approved, and still is arguing about the issues related to film and airplane industries. Some African nations have started to make noise about their products—coffee and cocoa—becoming cheaper. President Clinton himself sat on the negotiation table to show respect for China and with great respect offered the gift of supercomputers to China. Only then APAC could be formed. The central theme of the NAFTA is exploiting cheap Mexican labor. The strategy to tie down India with the same fate as Argentina, Brazil, Latin American countries, and the Philippines has been very important.

India is an untapped market. The warmth of over 100,000 [rupees] per annum income earned by 200 million upper middle class people is pushing us towards consumerism and luxuries. The remaining 700 million people have no alternative but to carry these 200 million wealthy people on their shoulders.

The Indian government has neither a vision nor the ability to unite and nor the life-giving source of popular support. We should have our share in GATT based on our need to survive. The fate of every citizen is tied to signing the GATT proposals. Very fine points of the Trips (Trade Related intellectual rights and biotechnology), Trims [trade related investment measures], questions over MFN [most favored nation], and patents laws should have been discussed at the levels of universities and vidhan sabhas [state assemblies]. The government should have received a mandate from the people and kept the nation's philosophy in its mind. If the United States is stubbornly trying to keep the restrictions on garment imports for 15 years instead of for 10 years, then our government should kick that stubbornness away. Make these Coca Cola, Pepsi Cola and Colgate people scam from here.

The 900 million Indian people have tolerated a lot. The multi-national companies are showing up here to exploit India's cheap labor, ample energy sources, and abundant raw materials and efforts are being made to bind India into the GATT trap. The pitcher is fraught with the sins of conspiracies of foreigners, particularly Americans such as the trick of not organizing the G-7 nations meeting along with the G-15 nations meeting, Mallot, Clinton, and Robin Raphael's tactics over Kashmir, interference in the cryogenic engine deal, spewing poison over the humans rights issue, improper pressure to sign the "shylock-type" NPT, intrusion into the kitchens of the people to sell their products, and first offering the tent of economic incentives and then putting on a military umbrella to protect their interests.

Vodka and wine from Russia is obtained and sold here, and the Russian companies are minting money by sending food and even pumpkins to Russia in exchange. Many foreign companies are processing mushrooms and making sea food for export. Pepsi has taken the lead in making profit by increasing the production of tomatoes. A company called Coopen Ritgeld is making agreements with farmers to grow cucumbers. The ITC has made an agreement with Geneva about developing seeds. It is the major export hordes, in whose laps these politicians born of the poor peoples' votes prosper, who are in a hurry to have the GATT agreement signed.

Where can an average man stand in this equation of political leaders, stock brokers, black marketeers, corrupt officials, intellectuals who are the slaves of multinational companies, the CIA, journalists, and experts? Unemployment and prices of necessary items, illiteracy, and poverty are on the rise, and the value of humans is decreasing. In this situation, stop and think about what GATT will give you! What will it take back in return? What is this open market? These are the efforts to steal our literature, tradition, sciences, herbs, living organisms, knowledge, and trying to loot us by making the patent laws. We have been using the neem tree for thousands of years before America was discovered. Now, in the name of patents and intellectual properties, the neem in our backyard will become a U.S. property. What worse form of slavery is there?

Government Said Accepting Subordination to Dunkel Proposals

94AS0110A New Delhi JANSATTA in Hindi
20 Dec 93 pp 1, 6

[Article by Om Prakash: "India Bowled Down to the Dunkel Proposals"]

[Text] New Delhi, 19 December. The Permanent Parliamentary Committee has given details of when and how India's attitude of submission to the Dunkel proposals and GATT in its report yesterday. Appropriate responses to two comments made by the Congress (I) in the Parliament is also included in this report. One comment was that V.P. Singh had discussed the agreement positively when he was India's finance minister in 1986 just before the Uruguay conference. The comment was used in a wrong way. It was mentioned in a way to imply that V.P. Singh had endorsed it in the Uruguay session. The second comment was questioning why the V.P. Singh and Chandra Shekhar governments did not get out of GATT? Why is the Narasimha Rao government being asked to get out of GATT?

The Permanent Committee of the commerce ministry after reviewing the report has raised the same concerns over the Dunkel proposals that are bothering the people around the country. According to this report, this whole agreement is a device to make all the developing countries economic colonies. The Permanent Committee warned that if there is even a small understanding of the history of verbal assurances, we should not trust them. Even the officials of GATT have said after repeated

analysis that GATT has become an instrument in the hands of developed countries to crush the developing countries through trade. V.P. Singh's comments on this agreement are included in this report, and these show that India had not bowed down in the beginning. The report says that this will affect our country's autonomy and the interests of the poor will be affected. The real compliance began in April 1989. Rajiv Gandhi's government agreed that talks can be held with GATT over intellectual endowment. The second important turn was taken in January 1992 and a few months before it. Anvarul Huda, then special secretary in the commerce ministry and now the assistant director of GATT, said, "India did not think it important to make final decision over Dunkel in January 1992. In the January 1992 agreement, all the participating nations had to present their final decision." If we look at the history, at a time when the whole world was ready to present a clear stand, the Indian government did not even want to discuss Dunkel proposals with any one. The actions of the governments led by V.P. Singh and Chandra Shekhar are written in the history. No decision was made over GATT during either of these two governments.

The Permanent Committee had presented its preliminary report to the Parliament on 10 May 1992. It had tried to warn in that report also. The history of GATT and the Uruguay conference fully shows how India is helpless and alone on this last chance to approve the Dunkel draft and how much control the United States has. For more than four decades, the international trade followed GATT regulations in customs tariffs. It was felt after the World War II that there should be a common agreement on international trade. This agreement combined with the World Bank and the IMF gave a new form to the international economic system. It was believed that this organization would function without any bias and will keep in mind each nation's developmental needs to avoid wars like the WWII caused by economic rivalries. The goal was the protection of humanity, fairness, and equality. Therefore, 23 nations started a general agreement over trade and tariffs. This agreement later evolved into GATT.

However, the United States and its allies started their games soon after GATT was formed. The race to make the international trade their personal property started. The United States refused to accept the Havana Charter in 1948 and stopped the formation of the international trade organization. The United States had its eyes on controlling world trade after WWII and did not wish for any international body to control trade. Only an ad hoc organization like GATT, which it could pressure into submission, could protect its interests. GATT has been in this format for the last four decades. Its rules change depending on the needs of the United States.

The first five meetings of GATT were called just to give an international color to the U.S. mutual trade laws of 1934. When its trade increased in 1962, the GATT meeting of Kennedy era (1962-67) was held to absorb this increase. The Tokyo meeting of 1973 was held to

facilitate the proposed 1974 U.S. trade law. The Uruguay conference in 1986 was held to give an international form to its all-encompassing trade and competition law of 1988. It was clear during the '50s that GATT did not belong to all and was not to protect everyone's interests. After one decade, GATT concluded that it was not fair to the third world countries. The Herblert Committee made it clear to all. It said that the developed nations block consumption of third world countries' products. It was against the GATT rules. The developing countries brought this issue in the United Nations to stop this monopoly in GATT. At that time this organization still had some clout and the UNCTAD (United Nations Committee for Trade and Development) was formed. Its first general secretary, Raul Prebisch, investigated GATT and concluded that it could not relate trade with the development structure. GATT had to accept under the pressure of the developing countries that developed nations and developing countries are not equal where trade was concerned. Every nation has its own unique developmental needs and this should be kept in mind when discussing trade.

However, the UNCTAD efforts were limited to paper only. The developing countries brought up GATT again in the Tokyo meeting and called it a club of few rich nations. It does not help poor nations' trade as is proved by its trade figures. In 1966, the developing countries had 11.2 percent share in the world trade. Twenty years later, in 1986, this share increased to 13.8. Thus GATT did not help reduce the trade chasm between the poor and rich nations. This situation of status quo was until 1986. At that time GATT only decided customs and tariff rates. It was not used to interfere in other countries internal policies or put limitation on their economic autonomy. The richer nations, first stealthily and later openly, started to control economic space of other countries after the Uruguay conference. First the question of unrestricted exchange of services was brought up. Japan and other countries had beaten the United States in manufacturing. It felt that it can keep its autonomy on international trade only by controlling services. Then agriculture was brought up because the European Common Market countries had beaten the United States in this area. The idea of protecting intellectual property was introduced by the back door by saying that the things manufactured by copying should be restricted. Later, this was changed to autonomy over intellectual property.

It does not matter if Pranab Mukherji says that no other laws except patent laws will be changed. However, India has said many times in the Uruguay meeting that it has to change many of its laws if it agrees to the proposal. It is important to mention here that India received the Dunkel Draft in December 1991. However, for 9-10 months, the Indian government could not even say what amenities it wanted in this agreement. The report of the Permanent Committee clearly indicates that the perfunctory act of getting information by the government was performed under pressure from the people.

BJP To Start Movement Opposing Dunkel*94AS0110B New Delhi JANSATTA in Hindi 20 Dec 93 p 1***[News Report: "BJP To Start Anti-Dunkel Campaign"]**

[Text] New Delhi, 19 December—The BJP has decided to start a nationwide movement to protest the government's decision to approve the Dunkel draft. The BJP has appealed to the people to tell the world that the government had approved this proposal against their wishes. The BJP has also decided to introduce a resolution over this issue in the Parliament. It has also hinted about approaching other parties for cooperation on this issue. The Party said that the day the Narasimha Rao government will sign agreement over the Dunkel draft will be remembered as a black day' in this India's history. The national working committee of the BJP also passed a resolution about it on Saturday evening after a long meeting.

Atal Behari Vajpayee, the Lok Sabha opposition leader, said while issuing the resolution that India was expected to lead the developing countries in dealing with the dangers of the Dunkel draft. However, a weak government knelt down in front of the United States and the European union of nations. The BJP resolution said that it had repeatedly warned the government against the multi-national companies and their agents. He said that we had asked for fair trade and not open trade. What did we get? An agreement that has seriously hurt the interests of poor nations. The third world countries will have to live in the shadows of fear of a new kind of colonialism.

The BJP said that the Indian government had hurt the nation's interests by accepting the Dunkel draft. The damage to the agricultural area is extreme. Export of garments will also suffer badly. The Indian government bowed down both in Trips and Trims pacts. The resolution also referred to the commerce minister's statement made in the Parliament on 16 December in which he had admitted that other countries had started to defy the U.S. and European pressure while our government was helpless on this issue. The BJP expressed surprise that the commerce minister who was expected to protect the interests of the nation was not embarrassed when he announced this.

The resolution said that the commerce minister was telling proudly that India's export will increase by 1.5 to 2 billion dollars. The BJP asks if a country's autonomy can be sold or bought? The resolution reminds the commerce minister that China is not a member of GATT, did not participate in the Dunkel talks, and yet still managed to increase its exports by many times during the last few years.

Mr. Vajpayee said that whatever the government says, the truth is that multinational companies like Cargil will continue to twist our arms. Some companies have already started to do that over our neem trees. The resolution expressed concern that the price of grains will be controlled by international trends now and that this will adversely effect our economic autonomy. We have seen that happen in Africa. As the result of signing the Trips pact, drug prices have skyrocketed. The government said

about Trips that it will decide on where the foreign investments will be. How can we expect a government that opens its markets to multinational companies to manufacture soda water and potato chips to stand boldly?

The BJP leader said that his party has been opposing several Dunkel issues related to agriculture for the last two years. Now it appears that this proposal is detrimental to our national interests in other areas also. Mr. Vajpayee said that the government has until 10 April of the next year. It should make necessary amendments to the Dunkel Draft to help our country and other developing countries.

Dunkel Draft Forecast to Adversely Affect Farmers*94AS0110C New Delhi JANSATTA in Hindi 21 Dec 93 p 10***[Article by Om Prakash: "Dunkel Will finish Off the Small and Marginal Farmers"]**

[Text] New Delhi, 20 December—If we consider our fears to be valid, the small and marginal farmers will be totally ruined when the Dunkel proposals are implemented. The prices of sugarcane, tobacco, and peanuts will fall on the first day. The practice of announcement of the approved price at the time of sowing will stop. Various types of agriculture will come to an end. It is necessary to consider these fears to be true because the statements made by the government's department secretary, Commerce Minister Pranab Mukherji, and by U.S. Vice President Al Gore support these fears.

Pranab Mukherji said in the Parliament that it is not necessary to raise a fuss over the subsidy to the farmers and the cheap grains sold in the ration shops. It is important to consider how much help the government is able to provide. It should be remembered that the issue of subsidies over fertilizers, electricity, and water to the farmers is stuck in Manmohan Singh's economic policies. The efforts were to reduce these subsidies. It is said that the government is not in position to give these subsidies. The amount of grains provided to the ration shops was reduced by 25 percent last year. It is clear that the government is not able to increase the subsidies under these two plans.

The Dunkel proposals clearly ask for the grains kept for domestic use to be accounted for and records of it kept. The quantity needed must be declared in advance. Additional purchases or storage to this declared amount will not be permitted. The government will purchase and sell grains at the market rate. There is one exception here. Grains at reduced rates with government subsidy can be provided to a specific group. However, account of this subsidy must be kept and shared. This exception can be made only for feeding for survival.

Dr. S.K. Sinha, director of the Indian Agricultural Institute, says on the results of this system, "There will be no determined price for agricultural production. The open market rates will be followed. The government will not be able to levy any thing. It will have to purchase and sell at the open market rate. Even if the government keeps the present subsidies, the grain prices in the ration shops will be

higher." The records of all these are required to check subsidies given by the government if it sees the prices in ration shops increasing. The GATT committee will meet to discuss it to discuss this subsidy and decide whether it should be approved. Why are all these restrictions being imposed on agriculture? Just to make sure that the third world countries do not grow more grains than are needed. It is being done because when the people began to migrate to cities after the World War II, these industrialized nations had to provide 200 percent subsidy to farmers in order to keep them there. This did save their agriculture, but they have had to destroy huge amount of grains in order to control the international market rates. They also have to make arrangements to sell this, therefore, they have determined that three percent of grains consumed must be imported in the first year, 3.5 percent during the next five years. This amount will increase to five percent in the sixth year.

India's future will depend on one exemption. It will not be required to import grains if the trade balance is not in its favor. India does not have the balance of payment problem now because of the money received in loans. We have been importing oil to keep the domestic prices low. Therefore, whether we will get this exemption or not, only the future will tell. What will happen during the next six years? Anwarul Huda, our former special commerce secretary and now assistant director of GATT, says that our balance of payments is not going to improve in six years, therefore, we will be protected from this required import. Commerce Secretary Tajender Khanna says, "Not now, but it is possible that after six years, we may be forced to import." J.C. Pant, special agriculture secretary, says, "the difference between three and five percent appears to be very small, however, keeping in mind India's population and domestic consumption, even this three percent is not a small amount. We should oppose it. Let us say, we have to negotiate again in six years, our opposition now will help us at that time."

Now let us hear what Al Gore said. He said, "At present we are trying to save the plants that are becoming rare. First, because of environmental pollution. Second, multinational companies are giving consistency to such plants for major sale in the world market." The patenting of genes and biotechnology is being done to benefit these multinational companies. How the farmer will have to depend on multinational companies for seeds every year is clear from Pranab's comment that there will be a law to stop farmers using his seeds a second time. However, the question is of the new hybrid seed. How will it work? Our Commerce Secretary Tajendar Khanna explains, "The multi-national companies can cause havoc here over producing and selling seeds. We should have a national policy stopping multi-national companies from coming here." We know that they are ignoring the issue of farmers and seeds because it is not easy to stop it. If the farmers get certain types of seeds in small quantities one year and they produce it in large quantities the next year, sharing it will not be a barter deal; it would be a sale and they must pay royalty on it. Let us look at India's Green Revolution for comparison. The seeds that our farmers use were procured from genes taken from Japan

in 1963 and developed by our agricultural scientists. Genes for various rice varieties were brought from China. It was made possible because at that time the goal was to provide grains to everyone in the world. The goal now is to get royalty from every field.

There will be no campaigns to determine approved prices now. The campaign will be to reduce the prices of sugarcane, tobacco, and peanuts as much as is raised. The government says that the subsidy for these three crops is less than 10 percent. Those outside the government figure this subsidy to be about 30 percent. The international prices of these three crops are lower than in our country. Thus, when all this is put together, it is clear that the days of agricultural subsidies are gone.

Opening of Market to Multi-Nationals Feared

94AS0110D JANSATTA in Hindi 22 Dec 93 p 6

[Article by Krishna Dutt Paliwal: "Was Gandhi's Swadeshi Movement a Mistake?"]

[Text] One feels very depressed seeing our independence and swadeshi campaign at risk. If we look back at the decisions made during the last two years, we feel these to be very painful. We are beating the drum of progress and development by inviting multi-national companies here. India's modern history where the East India Company started the loot-oriented trade and made us slaves is not yet forgotten. Nor is how the British destroyed Indian crafts, arts, trade, and industry, and made this country depend on agriculture. Nor how the British loaded away raw materials and took over our markets. Now, we are opening our markets to the foreigners and are talking about progress. Were the decisions we had made during the earlier awakening of Indian society, and the swadesh movement on which our freedom campaign was depended, illogical, anti-national, and wrong? Can we determine a new direction and avoid our experience? The Indian campaigns of nineteenth-twentieth century were against imperialism, colonialism, neo-feudalism, capitalism, and westernization. We never felt worried and threatened at that time as we are now.

The main goal of our swadeshi campaign and boycott campaign was to gain independence. We wanted to be free in thinking, working, and in all spheres of life and wanted to reinstall those moral values that the British were destroying. The main call of awareness of these campaigns was to get rid of mental slavery and join the creative and independent currents. However, we forgot our promises after the independence during the Nehru era. The storms of westernized modernism labeled the Indian life style backward. All the blocks that dulled the Indian thought such as learning English, westernized education, universities organized on foreign models, desire for consumer culture, and neglect of Indian philosophy endangered the feeling of being Indian. Our independent thinking, which had been blocked for 200 years, became more helpless after independence. The burden of the slavish dependence on English increased for Hindi and other Indian languages. Every area of Indian creativity was operated upon, and its nerves were

severed. No embarrassment was felt when our country was made a mimic of the West. The Nehru era continued to show us the dream that if we became industrialized like the West and expanded our development mechanism, all our caste-related problems would be resolved. Not only this, even India's left-wing politicians supported this economic model. However, the hollowness of this model was evident after 1970. This economic model made a few leaders, officials, and industrialists rich overnight, and tied the majority of our society in the knot of poverty.

It is difficult to estimate what price the Indian people have had to pay for it. The whole society reeks of stagnation. The philosophy of existence emerged in the area of creativity, and the Indian face of self-reproachment was formed. The average man, who had dreamed about happiness after independence, was covered with the thick sheet of disillusion. We learned that the assurance of self-respect we had earned during the independence movement was disappearing in darkness. The plans for development and progress became brutal and our villages were destroyed. Blind industrialization and the demonic structure of the mechanical age deprived Indian life of its natural atmosphere and tied the foreign blindfold on the eyes of Indian cultural values. All our cultural and religious symbols were seen to be useless and helped only the regressive kind of thought. The broad trust we had developed in creativity and thinking, despite our poverty, during the independence struggle was strangled by the westernized modern beliefs. The extraordinary era of creativity and thinking led by Dadabhai Nauroji, Tilak, Bipin Chander Pal, Lala Lajpat Rai, Arvind, Vivekananda, Gandhi, Ravinder Nath, Jai Shankar Prasad, Lohia, and Narendra Dev is neglected now. The whole system got engrossed in the illusion of inhuman, barren, and paradoxical pandemonium of modernism. In Hindi literature, Bhartendu who had started the new literature and started the swadeshi movement, Mahavir Prasad Divyavedi, Prem Chand, Ram Chander Shukla, Maithilisharan Gupta, Makhn Lal Chaturvedi, and Nirala who had followed him could not even imagine how the swadeshi movement would be destroyed on such a large scale under an organized plan after the independence. Our builders worked hard sacrificing their body, soul, and property for nationalism and worship to get rid of western slavery. They never once thought that their whole work could be ground to dust after independence. We remember a line from Jaya Shankar Prasad's KAMAYNI over this tragedy, "All the invaluable stars were decomposed in the dark gale." The situation is now that "this crazy society is running around in the dark." In our craziness, we had insulted Gandhi so much that he was ready to let a foreign company take over the job of making salt in Gujrat.

The crocodiles of international economic organizations and multi-national companies have surrounded us to devour India's swadeshi movement. Our government, in the name of economic liberalization and foreign investments, is conspiring to invite those notorious foreign companies that have been causing havoc by exploiting

poor nations. The mask from the face of a government that chants the mantra of progress through development plans with foreign loans and economic slavery is easily lifted; it cannot be self-dependent and proud. "My great India" is not eager to accept the slavery of economic imperialism and be their agent, but is mentally preparing itself. The conspiracy to expand the open plan of looting by inviting the multi-national companies is being hatched.

The fact is that under the pressure of U.S. multi-national companies, natural seeds from all over the world are being researched and developed using biotechnology and "new artificial seeds" are being created and forced on all developing countries. U.S. companies have developed such seeds and they want markets for it. These markets are poor nations such as India where the swadeshi movement led by Nauroji, Tilak, and Gandhi has lost its direction. The United States imposes the right of intellectual property and India bows down. The life of these artificial seeds is not more than three or four years and after three or four years, they become useless. Thus, the farmers cannot make their own seeds. Obviously, these foreign companies want to control India's agricultural system, and we are raising the slogan of "Great India!" The greatest challenge we have now is to analyze this tragedy happening to our country, our language, our pride. We should think about Bhartendu's desire for India to understand itself and think about what kind of India are we making. Was our Indian pride in the struggle for independence a deception? Do not we love our nation now? What is the use of prosperity that depends on begging? Indian poet Rahim had said that begging makes even the greatest person inferior. Even Lord Narayan had to become a dwarf in one incarnation because of begging. Our repeated contemplation makes us hear one thing: Begging, be it by a person or a nation, makes one low and destroys one's self-respect. It distorts one's racial and cultural identity. This international begging is not appropriate just to make India modern.

Those who have the responsibility of protecting the esteem of even the most common person in the country should learn something from the proud tradition of India's freedom struggle. They should get out of the political chaos for a while and try to understand the thoughts of Tilak, Gandhi, and Ravinder Nath. They will learn that the 20th century began with the swadeshi movement in India. This movement strengthened India's independence campaign, and sowed the seeds of patriotism, unity, and sacrifice in the people in villages and cities. This movement also strengthened socialist movements. It was not just a political movement; it was a resolution to free the nation from economic and cultural imperialism in the areas of literature, art, philosophy, music, science, and industry. This movement awakened us with the call to boycott cloth from Manchester and salt from Liverpool. This movement also raised the slogan to boycott foreign goods. It was this movement for which Tilak, Bhagat Singh, and Lala Lajpat Rai sacrificed their lives. Gokhale and Arvind Ghosh also took softer steps. The women in enslaved

India stopped using foreign-made bangles because of this movement. Even holy men stopped using foreign sugar for worship offerings. This movement spread much political awareness and created thousands of patriotic songs resulting in the shake-up of British imperialism. This movement helped open training centers for domestic industry.

Living during that period of wave must have been unique. The swadeshi movement had spread with the support of Indian festivals, auspicious days, traditions, fairs, folk music, and folk drama. The swadeshi movement had spread in every village in Bengal through the folk play tours. It was the first time that modern political thought had explained to the people the meaning of patriotic awakening. The swadeshi movement grew with self-dependence and inner strength, and sparked as national pride. Ravinder Nath Tagore, Arvind, Avninder Nath and Nand Lal Bose got their inspiration from the swadeshi movement and blew the conch shell calling for cultural awakening. They taught the lessons of nationalism, independence, and united political struggle that revitalized Indian life. Today, we are trying to prove that this whole lesson was wrong!

Congress (I) Seen Struggling Over Acceptance of Dunkel

94AS0110E Varanasi AJ in Hindi 22 Dec 93 p 6

[Article by R.C. Pandit: "Congress (I) is Fighting Over Dunkel Proposals"]

[Text] The Dunkel proposals have enveloped the government in such a way that the prime minister and the cabinet members are at their wits ends. The Lok Sabha chairman and the Rajya Sabha vice chairman have been waiting all week for the government to resolve this issue since the Parliament's activities could not be stopped indefinitely. Finally, on Friday, the opposition dissatisfied even after the statement issued by the Commerce Minister Pranab Mukherji in the presence of the prime minister walked out of the Lok Sabha. In the Rajya Sabha, Vice Chairperson Nazma Heptullah very smartly announced adjourning the meeting until Monday as soon as the commerce minister had finished his speech. The opposition was still demanding that Prime Minister Narasimha Rao must clarify the whole issue himself. The opposition, however, did not even let the proceeding go as far as questions session.

Mr. Mukherji says that the government's decision is appropriate because this will help improve the country's economy and this is the only way to improve our trade. In the Lok Sabha, he opened his mouth only once in the presence of the prime minister to say that the unity of the developing countries did not last long in the talks over international trade and tariff. In the Rajya Sabha, the prime minister stood up only for a second to deny an opposition accusation that the government did not want to discuss this international agreement in the House. Mr. Pranab Mukherji also clarified that government's approving the Dunkel proposals does not mean that we have mortgaged the autonomy of our country. Mr.

Mukherji's clarification raised the question as to how 117 countries in the world have agreed to this proposal. The question is based on one point on which the whole opposition is arguing: How will the farmers benefit from it? Mr. Pranab Mukherji responded that it was true the farmer could use their own seeds but will not have the right to sell them. Similarly, Mr. Mukherji admitted that prices of some drugs will increase. However, he said, this will not cause much of a problem because controlled rate shops will be opened and special agreement made for distribution of fertilizers. The government subsidy policy will not be affected by this agreement.

The government assured us that if the business of a multi-national company proved to be against the nation's interests the government could always use its right to close that company's business here. Both houses of the Parliament were very active from Monday to Friday discussing the GATT and Dunkel issues. These discussions have been postponed until Monday after the clarifications made by the commerce minister and the prime minister on Friday. However, it seems that the Dunkel affair will quiet down in the Parliament and out of it.

It appears that Lok Sabha Chairperson Shivraj Patil must have pulled off a miracle, because it was hinted at the beginning of the discussion that only Mr. Mukherji would respond to the questions, and the prime minister could interrupt him if necessary. The commerce minister could not give satisfactory answers to questions posed by veteran opposition leaders such as Somnath Chatterji, Inderjit Gupta, Nitish Kumar, and George. This indicates that the strategy formed by the veteran opposition leaders on this issue has been suspended for a while. They will cause additional problems for the government, however, by raising this issue in a new format since the winter session of the Parliament will continue for one more week.

The BJP sent a letter to President Shankar Dayal Sharma the same day. It accused the government of signing the GATT agreement under international pressure and of tying down the future generation of the nation in the knots of unfair international trade system. In this letter, the BJP also said that the arrest of its leaders was motivated by the government's malicious and improper attitude.

GATT Seen Boosting Trade, Hurting Patents

94AS0112F New Delhi PATRIOT in English 26 Dec 93 p 7

[Article by Avinash Alok: "GATT: Indian Trade Would Gain, Except in Patents"]

[Text] The two most prominent trading partners of the world, European Community and the United States, have reached an agreement to liberalise trade. And 113 countries have consented to endorse it.

The agreement, which is likely to be signed in April 1994 in Marakash, Morocco, has been reached in face of stiff opposition from some quarters in the developed and the

developing world. Textile lobbies of the US and Portugal, farming lobbies of France and Japan and different quarters of the developing world have severely opposed the new arrangement.

The mercantilist practice of maximising exports and minimising imports is no longer accepted. Trade benefits both exporters and importers. Specialisation in production according to the resource endowments leads to cost minimisation round the world. But in the short run, when the imported cheaper products displace domestic goods from the market, some problems crop up before the factors of production shift to better alternatives.

Thus, lifting of tariff or non-tariff barriers leads to problems for the inefficient producers and benefits the consumers. The cost-benefit analysis of liberalisation of foreign trade underlines that benefits outweigh costs. For the developed world, trade liberalisation has become a necessity as their domestic markets are becoming saturated.

On the other hand, for the developing world this analysis needs to be done more carefully. Their gains from trade are less, because of low value-added primary exports and higher percentage of export earnings in GDP. This latter fact means that the developing world's vulnerability to external factors is high. And there is an immediate loss of revenue, because of decrease in customs duty. But in the long run the gains from trade are likely to outweigh costs.

The opening of primary products market, which has so far been guarded by high tariff and subsidy walls, is expected to help the developing countries. The specialisation in the production of goods in their respective areas of advantage will help them capture the markets of the developed world. The other point to reckon with is that the developing world's bargaining power becomes very low in bilateral negotiations.

A number of issues, which were controversial, have been left out. Issues like entertainment, financial services, shipping and communication fall in that category. The US reluctantly agreed to phase out import quotas on Third World textiles and clothing in over 10 years rather than 15 years.

India is going to gain by this agreement in all spheres except the patents. In textiles, although 49 per cent of the quota is to be lifted only after the year 2005 AD, the Indian industry, which ranks amongst the best in the world, is going to get a big boost during the phased withdrawal of 51 per cent of the quota by the end of the period.

Indian exports of steel ropes, wires and rods have been the target of US anti-dumping authorities in the past. The new rule under the agreement is that the volume of dumped imports is to be treated as negligible, if from a particular country it works out to be less than one per cent of the market for similar products in the importing country. This stipulation is going to help Indian exports in a number of spheres, besides the specified ones,

because of very low labour cost and subsequent lower costs of production by international standards.

Though Indian economy has not been able to generate enough surplus of foodgrains, farm and related products, poultry and dairy-based ones, will find a good market in the developed world. This section of exports (poultry and dairy) has a very high value-added content and a very good market in the developed countries. Although India produces very little of the Japonica variety of rice, the demand for which will rise with the opening of the Japanese and Korean rice markets, pressure on the Japonica variety will make the Indian variety more attractive.

India is a part of the developing world. It falls in the low-income bracket, but the size of its economy sets it apart from the other developing countries. Indian export earning in terms of the GDP is as low as 8.12 per cent. Manufactured goods constitute about two-thirds of the exports.

The factors which affect the developing world are not of concern to India and if its economy moulds itself according to the requirements of the developed world markets then the new agreement will help it tremendously.

Lack of Parliamentary Approval on GATT Criticized

*94AS0112K New Delhi ORGANISER in English
26 Dec 93 p 3*

[Article by R.C.B.: "Fraud on the Nation"]

[Text] Former Karnataka Chief Minister S. Bangarappa has accused the Prime Minister of lacking in scruples. If the PM lacks in scruples, and a congressman should know, the Government headed by him cannot have any. So when Pranab Mukherjee, Commerce Minister, says that because of the latest GATT accord climaxing the 7-year Uruguay Round our exports will increase by US\$1.5 billion to 2 billion annually, one has to take the statement with a pinch of salt. Similarly when he says that India would benefit more from the expansion of world trade through the Uruguay Round agreement than by pursuing "any alternative course of action," the minister is only trying to hide beneath general terms the fraud the Government has played on the nation.

The government had assured the political parties that it would discuss the matter with them before taking a decision on the Government's position on the Dunkel Proposals. The Government had also promised to have a thorough discussion on the subject in Parliament. The Government has failed to keep its promise; instead it has quietly shown the green signal to a new trade regime imposed by USA, World Bank and International Monetary Fund.

Of course a formal signing and ratification of the Agreement will take some time. But that is just a formality. The fact is that the Government has caved in before the imperialist pressure and has virtually mortgaged its

economic initiative in trade and trade-related fields, farming and medicines, patents and processes.

On its own admission, the Government was not in favour of inclusion of Trade Related Intellectual Property Rights in the scope of the Uruguay Round. However, it had to go along with the rest of the world community. To say the truth this so-called 'world community' is represented by USA, the WB, IMF and a few western countries supporting USA. The latter has successfully sorted out its trading interests with them and they together have pushed the developing countries into the GATT fire.

Again the Government has conceded that they were unhappy with the extension of the textile quota regime by importing countries for another 10 years and unsatisfactory annual rate of enhancement of the import quotas; yet it has claimed that the commitment to finally phase out the quota regime after 10 years "is a positive gain" for textile exporting countries!

Shri Rao talked of 'concessions' gained by the sustained efforts made by India and a few other countries without which the contents of the GATT agreement would have been much worse. The PM thus indirectly conceded that the GATT agreement is not all that good. But what the PM did not say is that the 'concessions' will have only a cosmetic effect; there is no basic change in the Dunkel Proposals which have been accepted finally.

On the question of farm products the Government's beetle refrain has been that the upper limit of subsidies prescribed is far higher than the level of subsidies in India. The Dunkel Proposals on agriculture are not confined to subsidies. They extend to many other aspects of farm products, including compulsory imports. The farmers are up in arms against the proposals on account of the effect they will have on the total farming scene.

But even if one believes what Shri Rao and Shri Mukherjee contend, the quiet manner in which the Government has agreed to the Uruguay Round without getting the approval of Parliament on a matter so vital to our economic system indicates that the Government's credentials in this regard are not impeccable.

GATT Said to Undermine Self-Reliance

94AS0112B New Delhi PATRIOT in English 29 Dec 93 p 7

[Text] The inevitable has happened. And as President Clinton succinctly remarked: America has succeeded in opening up the world market for its products. At least, the American President is being honest.

True, as GATT Chief Peter Sutherland said, "I am convinced that today will be seen as a defining moment in modern economic and political history which would mean more trade, more investment, more jobs and larger income growth for all." Economists believe all this trade liberalisation holds out the promise of expanding global output by \$6 trillion over the next decade, \$1 trillion of that in the United States.

It certainly is a defining moment in modern economic and political history. It is not difficult to see why. In developing countries, food security has become a central element of food and agricultural policy. But in none of these 132 countries agriculture is a commercial activity. Traditional agriculture, in which small and medium-sized farms still predominate would be washed away as if by a catastrophic flood. Consequently, large populations would be uprooted and swept into urban slums. Nowhere will this be more clearly evident than in an over populous country like India.

Despite the advances made in food production, it is estimated that over 200 million people living in poverty in India now suffer from chronic hunger. Whether an increase in export products would improve the pathetic living standards of poorer sections of the population is a question that has been conveniently avoided. The Commerce Ministry has taken pains to explain that India's trade is expected to go up by nearly \$2 million per annum due to the general expansion of the world trade. Some of the gains will certainly "trickle down" to the poor.

While the "trickle down" theory no longer holds any credibility, what has not been explained, and for obvious reasons, is what will happen to the remarkable famine-avoidance strategy that has been developed over the years. In the event of cheap food being dumped into India, the very first casualty will be the food security system. The GATT agenda, which when embodied into an international agreement, will subvert India's laws that protect national interests and promotes self-reliance.

A little known fact is that the Draft Final Text of the GATT contains a proposal to establish a new international institution—the Multilateral Trade Organisation—which will have powers to require national parliaments to alter legislation that is 'GATT inconsistent'. Future laws must also pass this litmus test, thus requiring parliaments to seek approval of GATT headquarters before initiating legislations. And it is here that the people of India can exercise their franchise. They have done so in the past and will certainly not fail the nation again.

Ever since the Paddock brothers predicted in the '60s that at least half of India would be led to a slaughter house by the end of the '70s, India has successfully managed to prove the "prophets of doom" wrong. Take a look at history and you find that it was replete with drought, famine and hunger. Between 1770 and 1880, as many as 27 famines and food scarcities were recorded. More than 20 million people had perished from hunger and malnutrition—in the 20 famines that struck India between 1850 and 1943.

It is not as if the weather gods have been particularly benevolent after the colonial masters left the country's shores. Perhaps the widespread drought that struck the northern and central parts of the country in mid-80s was the severest in the 20th century. And yet the country was able to tide over the crisis without seeking any foreign

aid. For a nation, which only a few years ago was written off by Paddock brothers, this was no mean achievement.

Didn't Peter Sutherland say that the consensus on Uruguay Round is a defining moment in modern economic and political history.

Battleground

Trade in food has been a battleground for competing interests. It never distinguished between protection of corporate and northern interests and protection of long-term interests. This is nothing new. Nor are the powerful nations of the North likely to desist from the pursuit of their interests. Governments of the developing countries have rarely risen to thwart the covert designs of the rich nations. They have failed us in the past and have betrayed us once again.

Only popular pressure has a hope of putting world trade discussions onto a different track, where global sustainability takes priority. GATT poses vital challenges to all who are dedicated to improving food quality and security, to defining the environment and to promoting public health and fair trade.

The additional 40 million hungry in India an aftermath of GATT trade liberalisation, is not merely a statistical data. It involves people who have no other means of existence. Unlike in the West, the poor in India will not be paid for keeping their marginal lands fallow. In the United Kingdom, for instance, some farmers are getting as much as pound 100,000 a year for not cultivating their lands. Over pound one billion is being paid to farmers in the European Community for what is popularly called as "Set-Aside." As if this is not enough exports estimate that the amount of "Set-Aside" in the UK could almost double under the GATT agreement.

The hope for survival rests with the people.

Doubts Said Widespread Regarding Accession to GATT

94AS0112A New Delhi PATRIOT in English 29 Dec 93 p 4

[Editorial: "Dunkel: Another Viewpoint"]

[Text] The opinion given out by some experts endorsing the Government's decision to accept the Dunkel proposals would certainly help calm the consternation caused in Parliament and in other circles describing the move as a sell-out that would seriously compromise India's sovereignty and independence. The bottomline by these experts too is that India could ill-afford to opt out to the multilateral trading system at a time when the rest of the world was acceding to such a global economic regime. That even a country like Japan with all its economic clout has thought it prudent to take the politically unsavoury decision of opening up its rice market speaks for itself. With the developing countries hardly in a position to present a common front against a global trade regime seen as favourable to the developed world, as also lacking the kind of economic muscle needed to negotiate from a position of strength at the Uruguay

Round, India could have hardly been expected to swim against the tide. But even when India has no choice but to sign such a move, according to these experts, the Generalised Agreement on Trade and Tariffs would not necessarily be detrimental to India's interests. Thus former Union Food Minister C. Subramaniam has allayed fears expressed earlier that interests of the Indian farmers would be adversely affected by the probable increase in prices of inputs like seeds. Instead, he believes that the vast increase in productivity would more than compensate for any such losses. Similarly, he dismisses apprehensions expressed by Indian academics about being ill-prepared for competition with MNCs in research in genetics, and genetic engineering as being unfounded. His experience—and he should know, being the father of Green revolution in the country—has shown instead that Indian scientists are in no way inferior to those in the West. But while defending the government's decision to accept the Dunkel proposals and emphasising its benefits, these experts have not shied away from pinpointing its costs. Thus Dr Malcolm Adiseshiah has singled out issues relating to seeds patenting and the use of bio-resources of the Third World by the MNCs and their being brought back for sale to Third World as patented high-priced commodities as being some of the "very negative" features of the Dunkel Draft. Indeed in the light of what these experts have said, the government should educate the public about the hard realities of accepting the new global trade regime. Simply glossing over these unpleasant facts can hardly help the government to allay suspicions that it has become a party to the conspiracy hatched by the developed world to establish its hegemony over India.

GATT Said Unable to Override Super 301

94AS0112E New Delhi PATRIOT in English 29 Dec 93 p 1

[Article by S. Sethuraman: "'Super 301' To Stay Despite GATT Accord"]

[Text] The Clinton Administration, which subordinates the economic interests of other nations to its own, is confident that the Uruguay Round Final Accord in no way limits its ability to use its legislative "trade arsenal," especially Section 301 and its own anti-dumping and countervailing duty laws.

US undoubtedly stands to gain the most from the Final Accord for its agriculture, businesses, services other than financial, and the economy in general. It has enumerated the benefits for agriculture (with the phasing-in of global farm supports by way of reductions in tariffs for market access, export subsidies and internal supports) as well as gains for US pharmaceuticals, construction equipment and the electronics sector.

Yet, a US administration 'Fact Sheet' claims that cross-retaliation, between sectors, would be possible if a settlement procedure in the Accord would also not weaken US trade laws or change the way it uses Section 301. "Our negotiators made sure of that," it contends.

In textiles and clothing, where the developing countries had merely to be satisfied with the phase integration of the restrictive quota-based multi-fibre arrangement (MFA) over a 10-year period, with significant liberalisation back-loaded, US has given notice that exporting countries would not receive increased quota growth (in the intervening period) unless and until they submit schedules which would open their markets and bind their tariffs.

Although this approach is strongly opposed by several textile-exporting countries—and India stood its position till the end—US and the European Union propose to seek an amendment to the textile and clothing text to “directly link the phase-out of MFA with opening of markets by exporting countries.”

While maintaining that several of its key objectives in the Uruguay Round have been met in areas like anti-dumping, procurement (to facilitate US bidding for goods and services contracts), and intellectual property besides agriculture, the Clinton Administration expects greater use of Section 301 in areas not covered but where countries “do not meet their Uruguay Round commitments.”

Some American economists and trade analysts question the assumptions of the Administration in regard to the use of bilateral weapons after the Final Act of the Uruguay Round comes into effect from January 1, 1995 as scheduled at present.

In any case, trade tensions, already at a peak with countries like Japan and China, are not likely to lower in the near future, US is also likely to step up its anti-dumping actions. The Commerce Department has ruled that companies in India and Taiwan are dumping forged stainless steel flanges on the US market.

Earlier, US had imposed anti-dumping duty on imports of steel pipes and tubes and sulfanilic acid imports from India. Trade Commission has made a final determination of dumping involving levy of 48.8 per cent duty affecting over seven million dollars of imports from India. At the same time, US is pushing for more “tied aid” loans by the Export-Import Bank for subsidising US exports to Asian countries.

A major disappointment for US in the just-concluded Uruguay Round was the failure to include financial services, like banking and insurance, along with audio-visual and maritime services, in the Accord. Given its stake in the 900 billion dollar services market, the US Administration has decided to try bilateral negotiations over the next two years, and if unsuccessful by January 1, 1996, it would block firms of countries like Japan, Korea and many developing countries from expanding their services in US.

The hope is that though MFN exemptions would be obtained for banking and other financial services, including insurance, for an initial period, it would be

able to pressure other countries to open financial markets and put in place a solid set of commitments in this vital area of interest to American services.

Rao Government Said to ‘Mortgage the Nation’s Economy’ on GATT

94AS01121 New Delhi ORGANISER in English
31 Dec 93 pp 1, 10

[Text] By acquiescing to accept the Dunkel Treaty, the Narasimha Rao government has finally decided to sign the deed of mortgage of the nation’s economy, independence and honour. It is not to say that any other government would have done better or anything different given the political illiteracy of most of the political parties about the fundamentals of India and its economy and its serious incompatibility with the Western assumptions. Added to this is the unfortunate drift in the debate in India on the Dunkel formulation.

The real issue is not whether the Dunkel Treaty is good or bad for India—there is no doubt that it is bad. It is not just an issue of India vs the rest or producers vs consumers, as some would like us to believe. It is far deeper and fundamental. It raises a far reaching question: whether all that is Western is to be accepted as the modern, and whether the Western view of life should have universal application and therefore acceptance. The Dunkel Regime is the continuation of the Western assumptions about the superiority of its thoughts, view of life-systems and institutions. It aims at homogenisation of the world based on Western experience. The experience of 10 per cent is being experimented on the rest by Dunkel. The Indian debate so far on Dunkel has missed precisely this point. It is the failure of intellectuals and intellectualism in India.

On the practical side, the Dunkel Regime seeks to instal a world government in trade, technology and services with its attendant bureaucracy and bureaucratisation. A world government in trade without a world currency, but dependent on the currencies of Group 7 nations, will be at the speculators’ mercy. The Dunkel Regime is guaranteed to fail as any global level hegemony is bound to whether powered by a single nation, or a cartel of them or a multilateral system. The Indian government and the political parties have failed to explore the possibility of bilateral arrangements as an alternative for the multilateral Dunkel Regime where, given the players and deciders, India was genuinely a nobody and was rightly treated as such. So because of incompetence, the Indian political system has imposed the Dunkel Regime on India.

The Dunkel Regime castrates the government of India but cannot bind the people of India. The Dunkel Regime can be turned into a blessing in disguise. The people of India can be awakened to realise a real alternative lifestyle which is their true inheritance. For instance, Yoga, Ayurveda and Herbs can substantially dislodge antibiotics; [word missing] can keep away stress, heart breaks and psychiatrists. By social initiative we can revive our independent mind which will blend the

modern with the traditional and discriminate between what we need from what the West offers. The nation needs to revive this swadeshi approach which will be symbolically a resistance against Colgates, Cokes and Pepsies and substantially a re-instatement of a native alternative as the substance and the Western as the additive, instead of the Western as the substance and the native an additive.

Liberalization Under GATT Called 'Fraud'

94AS0112J New Delhi ORGANISER in English
31 Dec 93 pp 7, 10

[Article by D.B. Thengadi: "Liberalization Under GATT and U.S. Is a Downright Fraud"]

[Text] In spite of all the propaganda in favour of 'free trade' concept Ruigrok informs us that the pattern of global trade looks as follows:

- approximately 25 percent takes place inside global companies—(intra-company trade),
- approximately 25 percent is bilateral trade (by preferential agreements),
- approximately 25 percent is barter trade,
- approximately 25 percent can be considered 'free trade' governed by GATT rules.

The author has quoted this from FAST (*Forecasting and Assessment in Science and Technology*).

While advocating the principle of free trade, the US has been following the policy of protectionism regarding textiles right from 1956 when the President was given the authority under the Agricultural Act to negotiate agreements for limiting "imports into the United States of Textiles or Textile products." In the 1980s, the US administration employed non-tariff barriers to insulate the US automobile industry from the competitive threat that, as in the case of the textile industry, was posed by Japanese imports. (As James Dunn points out, post-war international trade in automobiles has always been a mixture of liberalising and protecting elements.)

Japan is, in many cases, a one-way trader, not importing any of the product categories it exports. The same is the case with the Japanese foreign investment imbalance. As at 31st March, 1990, Japanese direct investments abroad amounted to seventeen times the value of FDI in Japan. Japanese competitiveness and huge trade and investment imbalances have contributed, according to experts, to the EC and US conflicts with Japan in industrial products. 'Toyotism' of Japanese industry has given it a great advantage over 'Fordism' of the US and EC industries. To cite a single example. In the 60s and 70s, the EC's ship-building industry could not stand a threat from Japanese ship-building companies' aggressive marketing strategies.

With the present growth of Japan's foreign direct investments in the EC and the US, the industries of the latter

are demanding more trade barriers and greater protection (Though recently Japanese economy also is showing signs of decay).

It is interesting to note that criticism of free trade doctrine has been gaining ground as the EC and the US have been meeting with increasingly fierce competition in a number of industries. Many of the earlier champions of the doctrine are today its critics.

This opportunism is not a new phenomenon. When German goods were dominating British markets, Britain was the worst critic of free trade principle. After industrial revolution, the equation changed and Britain became the best champion of free trade doctrine.

The current American concept of "fairness in trade" reminds Biswajit Dhar of Gladstone's remark made more than a century ago under similar situation: "It (fairness in trade) bears suspicious likeness to our old friend protection."

The decline in the economic strength of the United States started in the 1960s. The process of the end of its hegemony commenced around 1973. By the 1980s the United States had come to be established as the economic power going rapidly down hill. Several authors like Linder and others have predicted the end of the US hegemony in the international economy during the early period of the next century. With every new set-back, the US has been deviating progressively from the principle of free trade, and by this time it has completely abandoned that once-sacred doctrine. These recent developments and deviations in the US trade strategy have been aptly elaborated by Biswajit Dhar in his *The Decline of Free Trade and US Trade Policy Today*.

At the level of policy, the demise of 'non-interventionist' mode can be seen clearly in the case of US where trade administration has adopted an "activist" trade policy, particularly during the last two decades. While the increased doses of protectionism formed the core of the nature of State intervention in the earlier years—seeking increased market—access for US products by compelling its partner countries to change their policies and become "more open." It, i.e., protectionism has now become the sole thrust of the policy—initiative in recent years. Trade legislation in US since 1974 indicates this trend. The Omnibus Trade and Competitiveness Act of 1988, particularly through its two new provisions, namely, Super 301 and Special 301, unfolds fully the intentions of the policy makers.

The protectionist measures adopted by the US have abrogated the basic principles of non-intervention in trade, underlying the post-war trading system governed by the GATT rules. Specific and systematic trade barriers have been raised by the US, in violation of the GATT rules. This has grossly undermined the multi-lateral trading system. In response to the competitive threats from Japan and other newly exporting countries, the US curbed imports by using increasing doses of protectionism achieved through imposition of the non-tariff barriers, and increased exports by forcing open

foreign markets using the powers of trade retaliation that were assumed by the US President through the Trade Acts of 1974 and 1988. The first phase gave protection to domestic producers against imports. Quota restrictions on exports to the US were imposed. The US trade administration frequently imposed Voluntary Export Restraints (VERs) and Orderly Marketing Arrangements (OMAs) on several countries.

The more prominent industries that were provided import-protection were steels, automobiles, textiles, machine tools and semi-conductors. Section 301 of the 1974 Act was directed at the policies of foreign governments which did not provide free access to US products in their markets. In 1985, the insurance industry in Korea was targeted for this purpose, the action under section 301 of the 1974 Act was initiated. Between 1985 and 1988, when the Omnibus Trade and Competitiveness Act was passed, Section 301 was used 26 times.

In the 1988 Act, two changes were made in Section 301. Super 301 was introduced to deal with general and systematic trade barriers imposed by different countries, while Special 301 was introduced to deal with cases relating to insufficient protection of intellectual property rights of US origin.

Under Super 301, action could be initiated against the entire gamut of trade and trade related policies that the infringing partners were following in retaliation against a sector or an industry-specific infringement. In other words, Super 301 provided for cross retaliation between sectors.

Secondly, Super 301 introduced a time-frame for identifiable specific cases of trade distortions, and initiating cases against countries which, according to US, were obstructing US exports. The cases under Super 301 were to be initiated in 1989 and 1990, and the retaliatory action against the "identified" infringing countries were to be carried out within 180 days of establishing that trade distortions were liable for retaliation.

Special 301 covers infringement of intellectual property rights of US origin causing distortions in US exports. Special 301 was to ensure that US exports could be increased by compelling countries to provide a stronger monopoly to US commercial interests in their markets through an appropriate system of intellectual property protection that the US trade administration deemed fit.

Unlike provisions under section 337, the Special 301 provision did not put the onus on the complainant to "Prove" the injury. The US International Trade Commission was simply required to institute inquiry into the complaint and grant protection, all within 90 days of the registering of the complaint.

In May, 1989, the USTR identified three countries: India, Japan and Brazil and put them on the list of priority countries for action under Super 301; and six trade-distorting practices—the 'priority practices'—of

these countries were identified, India was found to restrict US exports from entering its markets through two "priority practices."

(a) Foreign investors in the country were required to export a part of the produce, and to use locally produced inputs, thereby causing trade distortions, and

(b) US service industries were prevented from competing in the Indian market. India's market was completely closed to foreign insurance companies.

A new list of 'priority practices' under Super 301 was issued in April, 1990. The list had two cases and both involved India. The two priority practices of India listed in 1989 were again included in the 1990 list. Japan and Brazil were excluded. Trade barriers to insurance and investment in India were particularly irritating.

In 1989 and 1990, four countries—India, China, Thailand and Brazil, were put on the priority watch list. In April 1991, USTR decided to initiate proceedings under the Special 301 clause. India, China and Thailand were named as priority countries for action under Special 301.

The US is insisting upon free trade and the so-called 'liberalisation'. The US experts have excelled Dr Goebels in the propaganda techniques. "Repeat a lie hundred times, and it becomes the truth," Dr Goebels said. Hitler went a step further. He said that if a lie is to be circulated, you should not give a simple lie, give a big bluff—so big that people will not be able, because of the magnitude of the given lie, to suspect that such a big news may be a lie. Because of the American propaganda the doctrine of economic liberalisation became popular in the last two decades. De-regulation and privatisation have acquired respectability and authenticity. The IMF and the World Bank have been striving to sell 'liberalisation' doctrine to the third world countries by imposing on the debtor countries. Policy of economic liberalisation as a condition of further credit. The GATT and the US are preaching the free trade principle as a sacred gospel truth. But the US is itself violating this "sacred" principle. The US is also violating the standards evolved by the International Organisation for Standardisation. The US public procurement policies are not in conformity with the GATT Government Procurement code. 'Buy-American' restrictions cover vast area. There were thirty-one significant cases of special protection which covered four broad sectors—manufacturing, mining, agriculture and fisheries. Some other services also are being given protection. It is subsidising heavily its farm sector, while demanding that other countries should withdraw all subsidies to that sector. It is following double-standards in case of pharmaceutical sector also.

These are clearly the unprincipled bullying tactics. The culprits in this crime are the rulers and the big capitalists of the US—not its common masses who are themselves kept in the dark about developments on economic front. These bullying tactics are being employed not only against the southern, developing countries, but also against European community and North American peoples. The recent militant reaction of French farmers and

the strong support given to their gesture by farmers of other European countries; the agitation of the working people of US against the North American Free Trade Agreement (NAFTA); the effective protest registered by Canadian voters against the ruling party that became a signatory to the notorious NAFTA; the demonstration (on October 2) by 12 purely American organisations of environmentalists and humanitarians against the modus operandi of Cargill—all these indicate that the unholy alliance between the rulers and the big capitalists of US is operating not only against the third world countries, but also against other developed white countries, and even against the less privileged masses of US itself.

And these culprits are the champions of free trade, liberalisation and globalisation—a case of Satan Quoting the Bible.

To sum up:

In its present form—

'Liberalisation' of the GATT and the US is a down-right fraud.

'Liberalisation' of Dr Manmohan Singh is sheer gullibility.

'Liberalisation' of our air-conditioned radicals is ignorance or hypocrisy.

'Liberalisation' is a grave challenge to patriots of all non-American countries.

Hence the propriety and urgency of 'Swadeshi' for all non-American peoples of the world.

Genuine liberalisation and hegemonic globalisation can never go together. The Hindu concept of globalisation represents genuine globalisation.

The Hindu version of globalisation is fairly well known to all Hindus who are not self-alienated: For them the elaboration of Hindu concept may be a superfluous repetition of whatever they know already. For the benefit of the de-Hindised Hindus a brief restatement of the same may, however, be helpful here.

Pandit Deendayal Upadhyaya, who could conceive of the Central State Authority without stateism, envisaged evolution of the world state enriched by the growth and contribution of different national cultures, as well as the flowering of the Manava Dharma, enriched by the perfection of all the religions including 'materialism'.

Revered Sri Guruji believed that the world unity and human welfare can be made real only to the extent mankind realises the ultimate, absolute Vedantic truth that "all is one." What he implied was not elimination of all distinctive features of nations and rolling them all into one uniform pattern. He visualised various groups of peoples coming together in a spirit of familism realising the innate oneness of mankind while preserving their individual identities and special characteristics. The different human groups are marching forward, all towards the same goal, each in its own way and in

keeping with its own characteristic genius. The destruction of the special characteristics, whether of an individual or of a group, will destroy not only the natural beauty of harmony but also its joy of self-expression. To seek harmony among the various and diverse characteristics has been our special contribution to the world thought. "The World State of our concept," says Sri Guruji, "will evolve out of a federation of autonomous and self-contained nations under a common centre linking them all...it is the grand world-unifying thought of Hindus alone that can supply the abiding basis for human brotherhood, that knowledge of the inner spirit which will charge the human mind with the sublime urge to toil for the happiness of mankind, while opening out full and free scope for every small life-speciality on the face of the earth to grow to its full stature. Verily, this is the one real practical world-mission, if ever there was one," he remarked.

This Hindu concept has been elucidated elaborately by Rishi Aurobindo who envisaged the still further stage of 'mass spiritualism'. With this mental background, our *rishis* conceived of the 'Old World State'.

"From sea to sea, over all the land, one State."

This is genuine globalisation. In its absence, the world cannot go beyond the abortive experiments of the League of Nations or the UNO.

Without the growth of such Hindu, i.e., human consciousness, it is impossible in the international economic field to ensure genuine 'free trade', maximum utilisation of the scarce resources, development without environmental problems and permanent damage to Nature; adjustment of the presently unlimited human desires with the limited resources of the planet; management of population explosion; diversion of all the huge amounts allocated currently by different countries for their defence budgets to their developmental activities; encouragement to every country to maximise its specialised production; free exchange of scientific and technological information; constitution of International Technological Ombudsman; curbing the activities of international criminal gangs disturbing seriously the economic structures of even the civilised countries; and world peace, harmony and prosperity.

Acceptance of GATT Seen Economic Surrender

94P50080 New Delhi JANSATTA in Hindi 3 Jan 94 p 10

[Text] By accepting the Dunkel proposals, India has finished off its economic respectability. Now India does not consider it an insult to have an East India company come in and call the shots. Now East India companies are surrounding us on all sides. We have taken the position that even if we do not accept the proposals, foreign powers will attack us on the economic front. In the eyes of the world, this would be appropriate. Provisions were made in the Dunkel draft for this contingency. We expressed our consent. Parliamentary investigatory committee's Bhagwan Shankar Ravat has made this claim. He is worried that the government is viewing

their stance as neutral, while in fact, the results will not bear this out. The budget will suffer and our economic losses will be great. Just when we were making strides in deficit reduction. Shri Ravat is also worried about that Indian industry will not get a boost under the Dunkel proposals. Of course, industry has thus far been under the protection of the government. After the implementation of the Dunkel proposals, Indian industry will be under the thumb of foreign governments and the multinational companies. India is sooner or later certain to find itself in this situation. Protection of foodstuffs will end. Farmers all over the country will be laboring for the multinationals. Small and marginal farmers will be reduced to penury. Ayurvedic medicine, along with the whole range of medicines, will no longer be affordable to the common man. Indian brains will think for foreigners. Indian scientists and researchers will be in a similar position. Shri Ravat thinks the proposals will have an adverse affect on national unity as well. Center-State relations will be pushed off a precipice. Tensions will skyrocket.

Shri Ravat regards acceptance of the Dunkel proposals as unconstitutional. The Indian government does not have the right to barter away economic sovereignty. Secondly, the Indian system of punishment will be dealt a severe blow. Now, the accused stands innocent until proven guilty. Guilt has to be proven. The Dunkel proposals assume guilt, requiring innocence to be proven.

Shri Ravat says that developed nations are not really signing on to Dunkel out of free choice, but under the paternalism of the U.S. U.S. imperialism is on the rise and requires the economic surrender of every nation. Balkrishnan Jutshi, India's representative at the treaty talks, has falsely said that the proposals do not threaten the nation. He claims we are a developed country and have the same interests as Western countries.

Shri Ravat says the government has not taken into consideration what effect the proposals will have on the country. They have not researched the issues involved or considered the details in the proposals. The government, instead, has already made the decision to sign before sitting down at the table. Shri Ravat says that the government is deceiving people regarding the imminent shortage of seeds, agricultural incentives, ration shops and medicines. Assurances on the part of the government are a mere smokescreen. The truth is that the policy is one of reverting to economic slavery. The engine of international economics is run by multinational companies. They have long ago signed on to the Dunkel proposals. They get 15 percent equity forgiven.

Why did India find itself all alone on the international stage? Shri Ravat feels that India lost its role as leader of the third world which Nehru had established. Developing countries, for their own reasons, followed separate patterns of development. Each system has different problems. India's lack of leadership over this time has pigeon-holed us. Foreign policy is done on a wing and a

prayer. Swadeshi products, self-reliance and self-respect were abandoned by the present government. They give little importance to gaining the respect and trust of other countries. They know they don't deserve it.

Minister Gives Assurance on Seed Patenting Rights

BK2501044694 Delhi All India Radio Network in English 0245 GMT 25 Jan 94

[Commentary by journalist A.K. Bhattacharya]

[Text] Those who criticize the central government for agreeing to the Dunkel proposals at the Uruguay round of negotiations should now be reassured by the announcement made by the agriculture minister, Dr. Balram Jakhar. He has said that the government would introduce specific legislation to safeguard the interests of domestic farmers. He also said at the Fifth World Sugar Farmers Conference in New Delhi yesterday that India would not allow patenting of seeds. This means that India would evolve its own system of preserving plant varieties. The fact however is that the Dunkel draft has not prescribed any patenting regime for seeds. It is only a figment of imagination of some people that the Dunkel draft will impose restrictions on the use of seeds by Indian farmers. It is being argued by some leaders belonging to the opposition political parties that farmers now have to purchase fresh seeds every time they want to sow them. In other words, they cannot use seeds generated from existing crops. These leaders have aroused the passions of Indian farmers so strongly that recently a rally of agitating farmers ransacked the office of a U.S. multinational seeds company.

The agriculture minister has now put an end to such a debate. By ruling out patenting of seeds he has dispelled the root cause of the farmers' apprehension. And since India would now have to evolve its own system of preserving plant varieties, there should be no question of ignoring the interests of Indian farmers. While evolving the new system, Indian farmers and other representative bodies should be consulted. This will be necessary to ensure that all apprehensions of the farmers and the opposition leaders on the issue are addressed adequately.

This brings one to the time of applicability of the Dunkel draft. First, it will take at least one more year for the draft to be ratified by parliaments of all member countries of GATT before it becomes operational. Secondly, it is left entirely to national governments like India to take its own time in formulating the new system of protecting plant varieties. This will have to be in broad conformity with the international protocol on this issue. But the key issue which cannot be lost sight of is that the nitty-gritty of such a system will be finalized at home and not on foreign soil as has been alleged by some critics of the Dunkel draft. More importantly, the Indian Government and Indian farmers will have a lot of time at their disposal to discuss and debate the new legislation to protect them as well as the new plant varieties.

Commentary Questions Wisdom of Adopting Dunkel

94AS0113A Bombay NAVBHARAT TIMES in Hindi
14 Dec 93 p 4

[Commentary by Usha Joshi: "Investigating the Dunkel Proposals"]

[Text] "The farmers are the backbone of our country and agriculture is the foundation on which our economy is based." Prime Minister Narasimha Rao said this in an interview, and it is true in our present situation. It is important to discuss how much burden will be put on the farmer and how it will crumble our economy if the multinational companies put the stamp of their patent on every grain we grow. Why are our politicians and the government quiet about this issue and merely trying to comfort us?

Genetic engineering has reached every grain of wheat and paddy now. It means that various seeds can be created by cross-breeding special types of seeds. S. Barlow had crated a Mexican seed by crossing a Mexican high yield variety with a dwarf plant, which made the plant shorter (to withstand rain, winds, and hurricanes) and still produce a high yield. This helped bring the Green Revolution to India. We do not know how many fruits, flowers, grains, and plants are being experimented on, and how many new varieties have been created. This is being done in our country too, however, only at the laboratory research level on some special kind of pulses and some varieties of corn in Shimla. It is not being done at national level. Why are these foreigners taking so much interest in our natural resources? Why are they inviting our senior scientists working in this field to accept high positions there and having them say their say? Why are they collecting seeds of our fruits, flowers, and grains? For example, of the hundreds of varieties of mango, only about 50 are left now, and from among these only five or six varieties are recommended for growing. A time will come when we will have only five or six kinds of mangoes in our groves, and the remaining will disappear as we are not saving these trees or their seeds.

In this situation, we will have to beg these multinational companies, and pay them their asking price to use their patented hybrid variety. They are asking for ownership of patents in the Dunkel proposal. The same is true about their grain seeds that have already reached our farmers.

It is an excessive burden on the farmers to ask them to protect the seeds until sowing time so that they are not changed. It is important to mention here that the scientific expertise required for producing hybrid varieties is beyond the farmers. It is the government's responsibility to produce such seeds in "seed institutions" and make those available to the farmers through seeds distribution centers. The seeds stored with the farmers will not be protected even under ideal conditions, and these will not produce a good harvest. The farmers will be attracted to those hybrid varieties that give higher yield. It does not

matter to them whether these are produced by Pioneer Seed company or one of the dozen foreign companies that have established themselves in India during the last five or six years. There is a biotechnical department at the ICAR in India. In addition, the National Bureau of Plant Genetic Resources has been established. Seeds of all varieties of traditional indigenous plants are stored here and will be kept for 30-40 years. However, only two or three kilograms of these seeds are stored. If we need to produce new seeds from them, it would take 10 years to produce them in large quantities for the farmers. Commerce Minister Prabanab Mukherji's statement that a law to keep seeds until the next harvest will be passed to remove the doubts about the Dunkel Draft is nothing more than hog wash.

Scientists select the best available seeds when they want to produce high yield seeds of any kind. From patent seeds they get one male and one female seed and cross them to experiment with different possible combinations. It takes a scientist about five or six years to finish this process.

These seeds are not stored in large quantities in major storages. This will force us to depend on foreign exotic seeds again and their patent laws will prove a major hinderance to us. Because of the lack of a proper long-range agricultural policy, we will become slaves in our own country. The package deal included in the Dunkel draft has this provision in it. Now, they do not have to send an army to defeat a nation, our stomachs will be controlled using this strategy.

The patent laws in India were for the process and not for the product, however, now under Dunkel the patent law will effect every technological product. For example, if a company gets the patent right over any lifeform, everything related will belong to it. In this way, developed countries will slowly entrap the developing and backward countries so well that we cannot even think about it. The Dunkel draft also proposes patenting not only all varieties of trees and plants but also micro organisms. Now we know why the foreign researchers have been collecting plants and herbs from our jungles and conducting research on them for many years. This was a well planned strategy which has emerged in the form of the Dunkel draft. Great Britain says that the Gatt agreement will result in trade worth 230 million, which seems to be true. Gatt, with its 107 member countries, will help open new channels of trade in India. It will help exchange of technology, increase employment opportunities, and provide rules and regulations for mutual trade. However, other nations are playing the game of giving with one hand and cutting our other hand by offering this package deal under Dunkel, and our scientists, politicians, and the government is quiet about it. The Dunkel draft will be signed as an agreement in Brussels on 15 December. It is important that we make necessary changes in the patent laws so these work for us and present the draft to the people. The developed countries have used up most of their natural resources, and their eyes are on our virgin land now.

Opposition Disputes Lok Sabha Proceedings

94AS0113B *Bombay NAVBHARAT TIMES in Hindi*
14 Dec 93 p 2

[Unattributed article: "Infuriated by the Cabinet's Acceptance of Dunkel Draft the Opposition Stops Lok Sabha Proceedings"]

[Text] New Delhi, 15 December—The opposition members disrupted Lok Sabha proceedings today because of their anger at the Cabinet's approval of the Dunkel draft. No activity was allowed in the Rajya Sabha except for question answer and zero time periods.

Activities in the Lok Sabha was suspended twice for one hour and until tomorrow. The Rajya Sabha was interrupted for 15 minutes due to the noise by the opposition members, and was suspended after lunch for the rest of the day.

Nothing was said from the government side even after Shiv Raj Patil, the Lok Sabha president, asked for it twice. Mr. Sibte Razi, acting vice chairman of the Rajya Sabha, told the angry opposition members after lunch that the commerce minister will make a statement in the House, however, the opposition members did not accept it.

In the Rajya Sabha, as the activities began after lunch, the opposition members began to demand the commerce minister's statement right away. The acting vice chairman announced that after talks with Vice Chairman Nazma Heptullah, Commerce Minister Mukherji had agreed to make a statement the next day. The opposition members were not satisfied with it and continued to demand the commerce minister's attendance right then.

During this tumult, Mr. Padamnabham of Telagu Desam demanded that the commerce minister must come that very day to make a statement.

Jayapal Reddy of the Janata Dal said there was no use of a statement tomorrow since the government was signing the Dunkel draft tonight.

Dr. Subraynam Swami of the Janata Party expressed concern that the newspapers knew of the Dunkel draft, but the House members were not given any information. He said that they had been assured that the commerce minister was going to make a statement in the House today. However, he did not keep the promise.

Because of the noise and demand made by some members to cancel the meeting, Mr. Razi suspended House activities until tomorrow. The House activities were limited to only 10 minutes after lunch.

Sit-in: Several political parties and farmer organizations staged a sit-in outside Jantar Mantar to protest against Dunkel draft and demanded that it be fully rejected. These leaders said that the government should not sign on to this agreement as planned.

The sit-in against the Dunkel draft was organized by Genes Campaign, a non-political organization.

According to Mohan Prakash, the leader of the group, similar protest rallies were organized in Ranchi, Agra, Merut, Bareilly, Jaipur, Churu, and many other cities around the nation.

Raghu Thakur, general secretary of the Samajwadi Party; Rajesh Tiwari, first secretary of the party's Delhi unit; Kumudini, general secretary of Indian People's Front; Shiv Mangal Siddantkar, first secretary of the Front's Delhi unit; V.S. Rao, parliamentary leader of Telagu Desam; Ashok Mitra, leader of the Communist Party of India (M); and Mahavir Singh, president of the Delhi unit of the Indian Farmers Union took part in this protest rally.

The leaders who addressed the sit-in said that the government, instead of standing firm, has bowed down in front of GATT. They sadly declared that the government did not try to protect the nation's interests.

Government Severely Criticized for Selling Out

94AS0113C *Bombay NAVBHARAT TIMES in Hindi*
14 Dec 93 p 4

[Editorial: "Dunkel Proposals and Us"]

[Text] The attitude of the central government about the Dunkel Draft is vague and makes one suspicious. Commerce Minister Pranab Mukherji's statement last Friday in the House implied that the government was all but ready to approve the Dunkel Draft. The government is aware that prices of drugs will increase when we join Gatt and the farmers' use of seeds will also be effected. The seeds patented by foreign companies will become instrumental in exploiting the farmers. There has been a demand for one or two years to hold a national debate to direct the Indian government's attitude toward Gatt. This controversial issue was also discussed in the Parliament a couple of times, and proposals were also made to have a joint parliamentary committee study the Gatt proposals. However, the central government did not pay much attention to these questions of national importance. The government never presented the real picture associated with the Dunkel proposals in front of the people.

It is natural to ask whether patenting the seeds can be practical. It is said that Indian people will not be able to use leaves, fruit, and skin of the neem tree like in the past as its various uses will have been patented in the United States of America and those patent laws will be imposed on India also. The question arises: Why should U.S. laws be imposed in India? It would be unfortunate to increase prices of drugs and the result of this increase can be very serious. The question of state governments' rights were also raised in the Parliament. The Indian Constitution allows some rights to states and the central government cannot pass laws in those areas. If the Dunkel draft is approved, international laws will be imposed in those specific areas. Keeping in mind India's weak economic condition, it is not a secret how little involved India will be in making international laws.

India was the leader of developing countries during Indira Gandhi's rule. Even during Rajiv Gandhi's government, India refused to bow down, and other developing countries looked at India with hope. However, India gradually lost its right to lead the developing nations due to the ambiguous attitude that it adopted during the governments of V.P. Singh and the prime ministers that followed him. This resulted in the cancellation of the summit meeting of Group-15 and expression of helplessness by our commerce minister in the Parliament. The government may be helpless but if the new Gatt agreement results in creating additional problems for the people, these problems will find their own solutions!

Third World Woes

94P50081A *Bombay NAVBHARAT TIMES in Hindi*
30 Dec 93 p 4

[Commentary by Murli Manohar Joshi: "Dunkel Proposals Are Threatening Our Sovereignty"]

[Text] The Indian Government has announced its decision to sign the international trade treaty, GATT following discussions based on the Dunkel Proposals. The government had already hurt our farmers, and the textile, drugs and insecticides industries, but has now definitely caused an impediment for our production sector and thus to the nation's security itself. Not only that but now there are big question marks on India's economic and constitutional sovereignty. In a way, the republic has been brought to a laughable state, where the honor of the country, its achievements, and its very future have been laid at stake for a very long time ahead. GATT was established right after the second World War to establish and maintain international trading, with limited powers to oversee specific areas such as boundary-taxes and trade commercial agreements. Agricultural services, intellectual property rights, and corporate mergers were not in its purview. Thus GATT could only control matters upto our borders, and beyond that, it had no control on what went on inside a country especially with its economy. But, the new treaty makes it possible for it to have a say in many of our internal economic policy matters. It will be useful to briefly review the old GATT and why it is being revised prior to entering a discussion of the detrimental effects the new treaty is going to have on the third world, especially on India.

Among the advanced and rich nations, uncontrolled rivalry, and competition had been frequently interfering with the functioning of GATT. The U.S. was getting very frustrated. Its principal position in many areas in international trade had started to be challenged. In the areas of industries, mechanization, automobiles, electronics, and agriculture, the advanced place held for ages by the U.S. was starting to be challenged by such countries as Japan, Korea, Germany, Taiwan, and Singapore, whose products were of equally good quality, enabling them to compete in international markets. This necessitated coming up with a new market control strategy for the U.S. It figured whatever losses it was facing in the areas

of automotives, electronics, and industrial machinery, could be made up by introducing into the world market, services in banking, insurance, technology, travel, and agriculture. Since the West and Japan had monopolised technology, it became necessary to develop safeguards of rights in agriculture, services, and intellectual properties, and to incorporate them into the GATT. Based on these concerns, a review of GATT was initiated by the U.S.

It should be kept in mind that the kind of technoeconomics the West has developed necessitates a constant market and flow of capital to feed it. It was figured that by bringing in the issue of intellectual property rights a control could be exercised over the market availability, but unless there is unimpeded entry into areas of banking, insurance, and the share market, capital flow and profits may not be available to the desired extent, through royalties, etc. The multinational companies were already in search of this. U.S., multinational firms, and other affluent nations came together in setting the ball in motion for a complete review of the GATT. They understood that if along with general agreements, specific requirements such as the TRIPS [Trade Related Aspects of Intellectual Property Rights] were to come under the purview of GATT, they could gain an uncontrolled supremacy over the third world. Rich nations would then be able to control their capital, market, and natural resources. This was a smooth way to obtain a certain standard of living for twenty percent of the world's population, by bringing the other eighty percent of humanity with all their God given resources under complete control and to render them ineffectual for the longest period of time. This was a modern treaty which could inconvenience the majority for the convenience of a privileged minority. The Third World was ensnared in this treacherous net.

The beginning of GATT talks was in Uruguay. There, the poorer nations made their objections to including TRIPS, agriculture, etc., in the treaty. It was the same with the Punta-del-Vista. India and Brazil had attempted to keep these issues out of GATT. We don't know what really happened after the round of talks in Montreal, but India and Brazil drifted apart, and India agreed to including TRIPS, services, agriculture, and genetics in GATT's realm in April 1989. Possibly the increasing pressure by the International Monetary Fund, World Bank or maybe the need India felt for loans to keep the budget balanced, were the factors that were ultimately responsible for India giving it up. An indebted nation loses its economic sovereignty. This is a burning example of that fact. India lost a golden opportunity to lead the other poor nations out of this quagmire. The Congress government has lost our economic sovereignty in modernizing our economy. Then matters got fairly easy for the designers of the GATT, and under Arthur Dunkel, some new proposals to replace the old were drafted. This draft was referred to as the Dunkel draft or Dunkel proposals. The most recent debate has been of the clauses of this draft. Not all of the rich countries were in support of these proposals either. Their respective national interests mattered. The European interests were

quite different. Two requirements sprung up: One, to bring about a consensus amongst the western nations, and two, to make the poor countries accept the proposals. By the fifteenth of December, the last round of talks were concluded, and the rich countries managed to reach an understanding.

Following the adaptation of the basic program resulting from the GATT talks, these affluent countries started to draft special jargons and interpretations for a series of industries. Simultaneously, a lot of force was applied in making the GATT decisions internationally acceptable by offering the Dunkel draft to be adopted as it was or with review. The GATT talking group is going to be proclaimed an MNO [Multi National Organization]. For conflicts within member nations, this MNO will be the authority issuing resolutions. In the UN, the voice of poor nations was heard very little, and many decisions made to protect these countries' interests, but now this MNO may supersede the UNO. This new authority will eventually prove a threat to our sovereignty. The Commerce Minister and his colleagues have tried to explain to us in the Parliament that adopting the Dunkel proposals will enable us to play a greater part in the international market. They say that by not adopting this we will get left out. It should be remembered that when GATT was created in 1947, its objective was to expand world trade. In the past forty years, how much improvement was made by the rich participants? India's part lessened. In 1947, India gained independence, and at that time its export was 3.5 percent [of the world market share], and it has since reduced to .5 percent. The G-7 countries form 12.3 percent of the world's population, with 66 percent GDP, and 54 percent exports. India's population is 16.2 percent, GDP only 1.0 percent, and exports only 0.5 percent. The truth is that the rich nations of the world support an international economic policy of absorption and take-overs. They do not want to give it up at any rate, and do not want their comfort level to be reduced even a little bit, even if 80 percent of the world remains hungry, destitute and diseased. It does not matter if they are suffering from famine, or dying like flies due to a severe shortage of medicines. French President Mitterand condemned this attitude in 1991, in a conference of 150 nations, and called it the rape of the poor nations. The fact is that in none of the eight rounds of GATT talks did advanced nation broach the subject of their authoritative behavior, they did not want to participate in anything that even remotely resembled such criticism. So where has GATT membership taken us to? The bottomline is that while our markets opened up to the world, our exports kept getting lower and lower. Therefore, when Sutherland announced the successful completion of the Uruguay talks, and the members opened bottles of champagne claiming that from now on every country's income will increase, and that everyone's trade will improve, it was the lie of the century. Well, if everyone meant everyone of the G-7 countries, then that of course is quite a different thing. After signing the treaty on international trade, there will be an increase of \$213 billion in profits, and according to the World Bank,

60 percent of it will go to the rich nations. India's share will be \$4 billion, which is 2 percent of it. The eastern European nations' share will be only \$700 million, and Africa's will be lesser. This treaty will internationalize production and the profits will go directly to the multinational corporations, because they will be the directors of the production operation. Fiscal capital will replace labor capital, which will prove unprofitable for a fund-poor nation like India. Broadcasting industries' new channels will propagate consumerism, and the developed nations will secure their market in the developing nations. The direct disadvantage of this will be to indigenous industries and its workforce.

GATT Antithesis to National Interest Reiterated

94P50081B NAVBHARAT TIMES in Hindi 31 Dec 93 p 4

[Commentary by Murli Manohar Joshi: "We Will Have To Fight To Keep Our Economic Sovereignty"]

[Text] Adopting the Dunkel proposals with regard to agriculture and food products is going to prove harmful to us. Its direct effect will be on our self-preservation. First, we will be compelled to meet 2 to 3.3 percent of our domestic demand for food through imports. Food products including fish, meat, dairy and poultry are subject to these clauses. Grants on food products will have to be reduced. At first, it will be reduced by 20 percent. Consider the fact that Japan gives 700 percent grants. Even after giving a cut of 20 percent, 680 percent remains. The U.S. and European nations also give some 300 percent grants. In general, it is common to see various types of agricultural grants ranging from 60 percent to 150 percent. A 20 percent reduction in it is really not much. We have only 6 percent in grants. Further reduction would prove fatal to the farmer. Our commerce minister claims, since we have foreign exchange deficits, the Dunkel clauses will not apply to us, whereas the finance minister says that he has managed to get rid of the deficits. Now, we don't know who is telling the truth and who is not. The fact is though, that whether we are having deficits or not will be determined by GATT, depending on what the International Monetary Fund and the World Bank have to say, not what our own commerce, or finance minister says, and we will have to abide by that.

Cutting agricultural grants will result in fertilizer-price increases. Fertilizer consumption will decrease, and we have sown such seeds that, with the dearth of fertilizers, food production will also decrease. To improve production, the demand for certain imported fertilizers, will go up. They sell for less than the local fertilizers, since tariffs have been relaxed. This will cause the indigenous fertilizer factories to shut down. Asia's biggest fertilizer plant will close down with heavy losses, and 20 smaller ones will also shut down. Approximately 12 to 15 thousand laborers will become unemployed. As our fertilizer production closes, foreign manufacturers will start quoting prices as they please, and everyone knows what can happen. Then we will have to import food grains. The commerce minister says that it will not

exceed 3.3 percent of our needs. But he is forgetting that if imports exceed 3.3 percent, then it will be hard to control it. The new proposals state that if food imports should exceed 3.3 percent, then the duty may be increased, and that too not more than 30 percent. Why doesn't he tell the nation like it is? Our food consumption includes defense needs. We had better decide also how much of a store we have in this area. This is a risky business. Our enemy can always take advantage of this. We should not forget that when we were fighting a war with Pakistan, the U.S. was sending us essential supplies on a weekly basis, and we had to stop ourselves when we had almost finished our business. We have attained self-sufficiency with great difficulty and now, the new proposal is going to ruin our farmers. The government will no longer determine grain prices, and the small farmer will be compelled to compete with dynamic pricing during harvest. It is possible that the foreign companies involved in food trade will fill their coffers at such time. With their affluence, they will buy out all available grains, export massively while the Indian market will be rendered uncompetitive, and our grain production will decidedly suffer. In this buy-sell, export scenario, there will be nothing for the Indian farmer. He will remain poor. Thus there is no profit in sight for the Indian farmer. It is also not clear how the country benefits. The commerce minister does not tire of saying that adopting Dunkel proposals will increase export opportunities for Indian agriculture, but he is forgetting that no country is going to want to import any thing before the quality and purity of our products are put through exacting standards. Many times already, Indian goods could not be exported because of not meeting international standards.

Intellectual property rights issue will seriously influence agriculture, animal husbandry, and the pharmaceutical industry. Now even seeds, and other areas of national interest in agriculture are laid utterly open for multinational firms to enter into. These companies will use their affluence and advertising to sell their seeds to our farmers. We have not forgotten the East India Company days. Paddy and wheat fields all through Bengal and Bihar had been converted to indigo fields, and slowly we grew deficient in food. There is also the risk that our eating habits may have to be modified. Once a farmer buys the seeds of these companies, he will get caught in their evil web. Because they hold the patents, even the seeds obtained from farming may remain their property. Because of TRIPS [Trade Related Aspects of Intellectual Property Rights], we will have to amend and abide by our patent laws, but the price of drugs is certain to climb unrestrained. TRIPS will also end mandatory licensing and technology transfer will become impossible. Since it becomes possible to patent production, and in a way imports are being considered patented things, manufacturing foreign drugs locally will also have to come to an end. It is only natural that they will start selling at the import price, which will be the price of the producer. For example, four tablets (500mg each) of ceftriaxone sells in India for Rs.43.50, in the U.S., for Rs.300, in Pakistan

for Rs.302.75, and in England for Rs.363.60. The price of 10 tablets (400mg each) of norfloxacin is Rs.33.61, in India, whereas in the U.S. it costs the equivalent of Rs.613.77. Similarly, 40 tablets of famotidine costs Rs.26.24 in India, and in the U.S., the same costs Rs.511.78. Cancer drugs, and drugs for heart disease which get manufactured in foreign countries, will sell in India for the equivalent of their price. The removal of mandatory licensing and relaxing of import restrictions are going to result in drug manufacturers not worrying to sell for lesser price in India. Manufacturing patents will also restrict the methods of production, even if we should be able to produce drugs locally. Indian industry will suffer thus. Our health and welfare program will remain so only on paper. In the event of a ten-twenty fold increase in life-saving drugs, who will be able to procure medicines for supplying to government hospitals? Even as it is, we are unable to give free medicines in our public hospitals, and with these developments, it is going to become difficult to even run these hospitals.

The effects of TRIPS won't stop with just seeds, or drugs. It will affect our whole scientific research and industry. Our space and atomic programs, as well as our laboratory experiments will be affected. The genetic, and biochemical research projects will suffer. India will fall back in scientific achievements. In the area of public service, foreign banks have already infiltrated to quite an extent. Most of our businessmen prefer to keep their wealth in foreign banks. If allowed to enter the life-insurance scene, these foreign financial institutions have the opportunity to walk away with huge amounts of money. Since there is no mandatory seniority requirements anymore, such an entry will affect our developmental programs. Our backward areas will suffer even more.

By accepting intellectual property revisions, we will also have to overhaul our existing patent laws. This is an attack on constitutional sovereignty. The Constitution recognizes our right to make indigenous laws, but now we will have to adopt them to fit those laws made under GATT. What will happen then to our parliament and assemblies? The whole responsibility for agriculture, and pharmaceuticals rest with state governments in our country. But the right to revise many of their laws has now been given to GATT. This is an impingement of the basic rights of Indian citizens to food, livelihood, health, autonomy, and democracy. Signing this agreement amounts to ignoring the treaty-precedents of our country, which is the backbone of our Constitution.

This international agreement has far reaching implications, and the effects are not yet completely known. It will impact such rudimentary things as our culture, consumption, and habits. It will affect our politics, and our security. So, the significant question here is whether in signing such an agreement, only the executive branch of the government should be involved, or the approval of the Parliament and people also sought? Can the government be given the license to meddle with the very basic

character of the nation? According to the Indian Constitution, some powers are vetoed with the state governments, and only they can make decisions with regard to these matters. Now may the central government take decisions in such matters without concurring with these state governments? Whatever rights have already been given to state governments through the second and third articles of the Constitution, may the central government now snatch them away, and give them to an international entity, without verifying the Constitutional provisions? Will article 253 of the Constitution provide extensive answers for these nagging questions? Do the citizens of India have the basic right to food, livelihood, and health, or not? Many constitutional questions like these will arise, and they will need to be answered satisfactorily. It is even more important to find out which is more important, the government, or the nation? Does the government have the license to work against the country's interests? The truth is that adopting such harmful proposals as Dunkel's can never be said to be in the nation's interest. Does any government have the license to let its country's future be taken hostage like this? It should be realized that in the GATT talks, and in the Dunkel proposals, the jargon mentions "contracting parties," not "people."

In the new GATT, Indian national interest has been greatly compromised. Throwing in the scare of seclusion, the central government wants to convince the nation of economic benefits, but it has only benefitted the already rich nations in opening up Indian market with the greatest ease to their goods, and in making India a showroom for multinational companies. In textiles, which was our greatest export product, we have not been able to get any significant breaks. Quotas still exist, and the European Community has only said that in ten years, they will open up for Indian exports. But it is not clear what percentage of their textile-market will be opened to us. If we are unable to bring things under control in textiles, we may face the unemployment of multitudes of workers.

The Indian government did not show firmness in these negotiations. They behaved like a 'banana' republic, whose spine broke in just one blow. It threw down its arms in front of the utmost stringent international financial establishment. It was completely missed that being left out of certain things is not in itself a mistake or degradation. Since we would not sign the Nuclear Non-proliferation Treaty, we have been left out of space programs. But, these are the only two areas, where we have developed indigenous technology significantly. We must not forget that India's population is considerably larger than that of the G-7 countries together. We are a market in ourselves because of our huge population, natural resources, capable engineers, and scientists. There is a tradition here that started in ancient times predating Koutilya [eminent economist of antiquity], and we have held our place in international trade. The potent truth that this country could become an economic stalwart once again, has been ignored. The country should be equipped to fight to win in the battle of

economic independence. The political parties that realize this truth must cast aside their minor differences and join hands towards this major common cause.

Indigenous Laws Suggested for Safeguarding Rights

94AS0122C *Bombay TIMES OF INDIA in English*
31 Dec 93 p 17

[Article by L. K. Sharma: "Biodiversity Convention Comes Into Force"]

[Text] London, December 30—The international convention on biological diversity came into force yesterday amid fears that the GATT agreement would make it difficult to address some of the issues raised by the convention. It is a pious hope that provisions of intellectual property rights on genetic resources will not run counter to the wider objectives of the convention.

The occasion was used by 'Friends of the Earth' and the Labour Party to attack the British government for its failure to fulfil its own obligations to preserve endangered species and habitats.

'Friends of the Earth' said the British government was allowing imports of tropical timber that would never be replaced. A Labour spokesman said while the government lectured the Third World nations about preserving rain-forests, it was not protecting natural habitats in Britain. Hedgerows were being destroyed and these needed legal protection.

'Friends of the Earth' said the GATT agreement would make things worse in the area of biodiversity. Aid workers, development economists and environmentalists here have been very critical of the GATT agreement's impact on genetic resources and on small farmers, the latter constituting 80 percent of the total in developing countries.

In these countries, farmers play an important role in conserving local plant genetic resources and restrictions on free access to these will reduce global biological diversity. Farmers are informal plant breeders and patents on plants are likely to restrict access to a common pool of plant genetic resources, essential to plant breeding.

Western experts, barring those employed by biotechnology and seed companies, take a cautious view of the consequences of the extension of intellectual property protection to plant genetic resources for farmers as producers and conservers of biodiversity. They have been pointing out the irony of developing countries being confronted with a system which maintains open access over their genetic resources while establishing private property rights for improved products based on those resources.

They wonder whether developing countries could use the patent system to protect their "unimproved" genetic resources and use them as a tool in biodiversity conservation.

In the furious debate over GATT in India, perhaps no one suggested that the government could at least do what the state of Queensland in Australia has done. It has passed its own legislation giving it intellectual property rights over genetic information embodied in the animals and plants found in the state. India and other developing countries could use the argument that if genes, gene constructs and genetic characteristics can be patented in industrialised countries, developing countries could also patent their own genetic resources.

Of course, there are potential problems, claiming patent rights over genes or genetic characteristics which occur in the wild or in farmers' varieties would give rise to the problem of ownership and if that was vested in the sovereign state, competing claims might be made by other states.

The wild plant varieties as well as 'landraces' and other farmers' varieties also will not meet the criteria that varieties must be distinct, uniform and stable for protection under plant breeders' rights. But then the system could be adapted. And despite such problems, it is not a developing country but the state of Queensland that has taken as initiative. [Sentence as printed]

A study by the Overseas Development Institute points out that pressures towards the wider granting of intellectual property rights over genetic material originate within industrialised countries and the benefits will accrue primarily to companies located there. The erosion of biodiversity in developing countries will continue as commercial agriculture expands into these areas. The intellectual property rights will hinder the protection of agricultural biodiversity, if they jeopardise co-operation between the formal and informal sectors.

Any restrictions on access to and exchange of genetic plant material by farmers and public sector plant breeders will have a negative impact in areas where a high proportion of planting material is not purchased. However, a lot would depend on the extent to which ways to protect farmers' informal exchange mechanism and re-use of saved seed can be implemented.

Agriculture in developing countries could suffer if free access to plant genetic resources ends, not least because the types of plant produced by the private commercial sector are unlikely to meet the diverse needs of peasant farmers.

Diversity is deemed important for food security at global and local levels and agriculture in practically all countries is heavily dependent on a supply of plant genetic resources from other parts of the world. The agricultural systems of the industrialised world are particularly dependent on plant genetic resources from tropical and subtropical regions of developing countries having most of the centres of diversity from which these resources originated.

Uproar in Bihar House Over Dunkel

94AS0122D Bombay *TIMES OF INDIA* in English
31 Dec 93 p 18

[Text] Patna, Dec. 30—The ruling Janata Dal and its allies, the CPM [Communist Party of India-Marxist] and CPI [Communist Party of India], today outsmarted the agitating opposition—the Congress, the BJP, the JMM(S) [Jharkhand Mukti Morcha (Jharkhand Liberation Front)] and the Peoples Party members—in stalling the proceedings of the assembly to protest the agreement on the Dunkel; draft by the Centre.

Members of both benches trooped into the well of the house and created unruly scenes, compelling the speaker, Mr Gulam Sarwar, to adjourn the house for the post-lunch session.

While the opposition members, mainly the Congress, rushed to the well of the house, shouting slogans to press for the introduction of the Jharkhand development council bill in the current session, the ruling party members also followed suit and vociferously demanded discussions on the Dunkel draft.

Significantly, the chief minister, Mr Laloo Prasad Yadav, was seen encouraging members of the treasury bench to join the agitation in the well of the house for such a discussion and press for a resolution, censuring the Centre for signing an agreement on the Dunkel draft.

They accused the Centre of ruining the economic structure of the country by accepting the draft under pressure from the United States, the IMF and the World Bank.

BJP Plans to Fight Dunkel Proposals

94AS0124D Bombay *TIMES OF INDIA* in English
1 Jan 94 p 17

[Text] New Delhi, December 31—The BJP [Bharatiya Janata Party] has decided to focus attention on the "anti-farmer Dunkel draft" to refurbish its image. It has planned country-wide programmes to make their plan turn into a movement.

The party general secretary, Mr K.L. Sharma, today said the movement would be converted into an agitation around the time of the budget session in February.

According to the plan prepared by the general secretaries of the party, there would be a mass awakening programme at the panchayat level all over the country. The Kisan Morcha of the BJP has been given the charge of successfully holding these programmes.

The party intends to publish a large number of pamphlets which would be distributed freely among the farmers to explain the BJP's stand on the Dunkel draft. A comprehensive, documentary film is also being planned. The budget for the publication of pamphlets and organising meetings would be decided at a meeting of the Kisan Morcha to be held in Delhi on January 7.

The meeting would be presided over by the Kisan Morcha president, Mr Kailash Joshi, MLA [Member of Legislative Assembly] from Madhya Pradesh. Leaders

like Govindacharya and others have been involved in this programme for creating a movement against the Dunkel draft.

During the first phase of the programme, which would be from January 15 to 31, the party intends to hold seminars and meetings in all major cities. The party would give the slogan of "kisan bachao, kheti bachao" during these various meetings.

The party would be decided on the further stages of the programme at the meeting of its "kisan morcha."

The BJP is also contemplating to amend its constitution to bring about "internal democracy with discipline in the party." According to sources, this move is being thought of in view of the growing indiscipline in the party, which had surfaced recently during the assembly elections. Leaders in the party feel that the internal squabbles were the result of the BJP's poor performance in the recent elections.

Rao Fears Western Protectionism

94AS0124G Bombay *TIMES OF INDIA* in English
4 Jan 94 pp 1, 28

[Text] Jaipur, January 3—The Prime Minister, Mr P.V. Narasimha Rao, today expressed fear that in the liberalised post-GATT scenario, crucial technologies may be withheld from India to stunt her progress in various fields.

This was in spite of the fact that the new GATT deal ensuring further opening up of national economies and erosion of national borders as a consequence of internationalisation of business, innovation and technological development, he said.

"Yet, I foresee emergence of such trends and building of protectionist walls, said the Prime Minister while inaugurating the 81st session of the Indian Science Congress at Rajasthan University here. "However, I have full faith in the genius of Indian economists, scientists and technologists and the people to get around such problems."

In his 40-minute speech, devoted mainly to stress the importance of technology in the post-GATT (General Agreement on Tariffs and Trade) world environment, Mr Rao said though the new global agreement on ensuring free trade would affect many fields, its impact would be high only in some key areas.

Identifying these areas as textiles and clothing, agriculture, trade-related intellectual property rights (TRIPs) and services, including research and development services, he said such sectors required a strong base in indigenous R and D and science and technological capabilities.

"With our vast reservoir of S and T personnel and comparatively lower manpower costs, it was possible to meet such challenges through appropriate R and D inputs. To make this happen, industry has to play a dominant part," Mr Rao stressed, referring to the successful examples of industrialised nations.

However, private industry contributed less than 15 per cent of national R and D investments. This should change, said the Prime Minister, and industry should come forward to define the goal areas and set targets for the scientific community.

While creation of wealth was important, it was even more crucial to ensure its equitable distribution, said Mr Rao. He attributed increasing social tensions to the perpetuation of inequity in economic development. Quoting a Sanskrit verse, he said prosperity for all should be the purpose of our developmental programmes.

Referring to the theme of this session, "Science in India: excellence and accountability," he said he shall not judge the performance of scientists in terms of conventional yardsticks that are used to assess productivity. It will be left to scientists' own methods of judgment.

At the same time, there can be no judgment according to which concrete results were ignored. He quoted noted scientist Prof S. Chandrasekhar to stress this point: "One's place in science, as posterity will duly assign, depends largely on one's continuous exertion, at the edge of one's ability."

Deftly side-stepping issues of declining government investment in the R and D sector and allocations for the educational institutions voiced by the scientific community, the Prime Minister said industry should step up investments in universities too and also ensure involvement of high quality manpower in programmes of their interest.

Prof P.N. Srivastva, in his presidential speech, regretted "complete neglect of the education of science" and doubted India's competence to compete with other countries.

He asked the science administrators and policy-makers to ponder as to how the expectations and aspirations of the people were going to be achieved if science education continued to be neglected.

Quoting recommendations of senior scientists made to the government in 1990, Prof Srivastva regretted programmes to provide excellence in science education by establishing consortia of universities to work in collaboration with higher institutions of learning and utilising their superior human and material resources were not initiated.

He suggested at least ten per cent of the science and technology budget should be embarked for training of manpower in universities and colleges. The scientific activities of the UGC [University Grants Commission] should be supported by various concerned agencies and the departments of science and technology. Proper improvement will have to be made in primary and secondary schools as well. "If we do not do this, we will only be strengthening the tip of the pyramid, whose bottom is weak. In such a situation, we will never be able to compete with the world in the 21st century," Prof Srivastva cautioned.

The chief minister, Mr Bhairon Singh Shekhawat, asked the scientists to suggest ways to solve the problem of drinking water in Rajasthan. The governor, Mr Baliram Bhagat, also said Rajasthan was [a] rain deficient state having two major rivers—Chambal and Mahi. Scientists should help the policy makers in overcoming water shortage in the state. The Union minister of state for science and technology, Mr Bhuwanesh Chaturvedi, the Rajasthan minister for science and technology, Mr Lalit Kishore Chaturvedi, also spoke on the occasion.

Prof U.R. Rao, director of the Bangalore-based ISRO, [Indian Space Research Organization], was elected president of the next session of the science congress.

The Prime Minister today awarded nine Indian scientists for outstanding work in science and technology at the opening ceremony, adds PTI [Press Trust of India].

Dr A.S. Paintal of Delhi was presented the Asutosh Mookherjee Memorial Award for his work in medical research.

Dr M.S. Narasimham, who is associated with the international centre for theoretical physics, Italy, was presented the C.V. Raman birth centenary award for his research in mathematics.

The Srinivasa Ramanujan birth centenary award was bagged by Prof R.P. Bambah of Punjab University in mathematics.

Other recipients include Dr Hari Narain, who bagged the M.N. Shah birth centenary award in earth science and Prof P.V. Sukhatme who got the P.C. Mahalanobis birth centenary award.

While Prof A.K. Sharma received the J.C. Bose award for 1993-94 in cytogenetics and cell biology, the P.C. Ray award for 1993-94 was given to Prof C.N.R. Rao in the field of solid state chemistry.

Dr K.C. Binsal and Dr S.L. Kothari, jointly shared the Prof Hiran Lal Chakravarty award in the field of botany.

After the awards presentation, the Union minister of state for science and technology, Mr B. Chaturvedi, released a book on Science in India, Excellence and Accountability. Mr Bhagat also released a book titled Indian Science, A Selected Bibliography.

BJP Announces Nationwide Agitations Against Dunkel
94AS0124H Bombay TIMES OF INDIA in English
4 Jan 94 p 10

[Text] Bangalore, January 3—The Bharatiya Janata Party (BJP) will be observing nationwide agitations demanding the total rejection of the Dunkel proposals from February 1 till the presentation of the Union budget, Mr O. Rajgopal, BJP national vice president, announced yesterday.

Addressing the Karnataka state executive committee members of the party, he said the BJP would be organising seminars, discussions and public meetings from January 15 all over the country on the adverse implications of the Centre's signing of the Dunkel proposals at

the GATT [General Agreement on Tariffs and Trade] negotiations without consulting the opposition.

The Dunkel proposals, shamelessly signed by the Centre without taking Parliament into confidence, was an affront to the parliamentary system as it affects the country's sovereignty and would harm all sections of people particularly the farmers, he said.

Mr Rajgopal said the party wanted to censure the Centre in Parliament on the issue but could not do anything as the left parties shied away from the move. "We have now decided to take the issue before the people and mobilise public opinion on the dangers of the Dunkel proposals," he said pointing out that the BJP would be campaigning on the Centre's failure to take any action on the Joint Parliamentary Committee (JPC) report on the securities scam involving a loot of over Rs800 crore.

The BJP leader, who did not make even a passing reference to the Ram mandir issue during his 90-minute speech, however, asserted that BJP was not a "single-issue party."

Mr Rajgopal dwelt at length on the outcome of the recent round of assembly elections in the north and claimed that those who saw the BJP nearing its end were living in a fool's paradise. Though the party's performance was not up to the expected levels, the elections have clearly established that the BJP's emergence as a major political party in the country, both in terms of securing popular votes and in the number of seats won.

Quoting electoral statistics, he said that out of a total of 9.84 crore votes cast, the BJP grabbed 3.57 crore accounting for 36 per cent of the popular votes cast, winning 448 seats against the 2.59 crore votes (10 per cent less than BJP) and 348 seats won by the Congress, while the Janata Dal got hardly 89 lakh votes and 42 seats. The BJP suffered reverses in Madhya Pradesh and Himachal Pradesh due to different local reasons, while its performance in Uttar Pradesh and Rajasthan was better than during the 1983 polls.

The setback in terms of number of seats for the BJP in Uttar Pradesh was on account of the ganging up of the Muslims and casteist forces under the Bahujan Samajwadi Party and Socialist Party alliance of Mr Kanshi Ram and Mr Mulayam Singh Yadav, he alleged.

Mr Rajgopal said the BJP would be concentrating its efforts on Karnataka and Andhra Pradesh, which were likely to go to the polls in April or May "We are looking for spectacular gains in Karnataka whenever assembly polls are held and make up for the loss suffered by the party in the north," he said, pointing out that the ruling Congress party's moves for advancing polls in the two southern states would benefit the BJP.

Mr K.S. Easwarappa, MLA [Member of Legislative Assembly] and state BJP chief, said the party would be launching a vigorous state-wide campaign demanding elections to the taluka panchayats and zilla parishada and for rejection of the Dunkel proposals. "We are moving a resolution in this regard in the assembly," he announced.

Uruguay Round Issues Relevant to India Discussed

94AS0105A Madras THE HINDU in English 2 Dec 93 p 17

[Article by C. Rammanohar Reddy; first paragraph THE HINDU comment]

[Excerpt] After seven years of negotiations, yet another deadline (December 15) draws near for completion of the international trade talks. Meanwhile, claims and counter-claims continue to be made about what the Dunkel Draft holds for the Indian economy. C. Rammanohar Reddy takes a look at the issues of importance to India: the proposals on textiles, patents, agriculture, services and foreign investment.

The name itself, the General Agreement on Tariffs and Trade [GATT], is not easily comprehensible. It is an agreement and also an institution. It is supposed to have the last word on trade issues but it has no powers to enforce its rulings.

In 'green room' consultations at Geneva, representatives of the 'contracting parties' to the GATT separate 'amber' and 'green' policies as they grapple with the aggregate measurement of support for agriculture in each country. It is appropriate then that one of the subjects now being discussed at the GATT has the acronym FOGS. To add to the opaqueness of language there is the lack of transparency in negotiations. Together they have made possible claims that range from a strong GATT ushering in an era of global prosperity to a GATT that will oversee recolonisation of the Third World.

As yet another deadline (December 15) draws near for completion of the Uruguay Round of Multilateral Trade Negotiations of the GATT, a flurry of activity in recent weeks suggests that this time the talks may be actually completed. A dramatic change in either the agenda or its substance will not take place. For the most part, the Draft Final Act—the Dunkel Draft—with modifications here and there will be the basis for final negotiations.

Since 1948 the GATT has overseen two aspects of international trade. One is the evolution of guiding principles for trade and the other is a reduction of import tariffs. Between 1948 and 1979, seven rounds of GATT-sponsored negotiations resulted in average tariffs on manufactured goods in developed countries being brought down from 40 to five per cent.

Crucial eighth round

What is unique and controversial about the ongoing eighth round is that on the agenda are issues completely new to the GATT. The impetus for beginning a new round came in the early Eighties from the U.S. Struggling to cope with a huge trade deficit and besieged by protectionist forces at home, the Reagan administration decided that the way out was to persuade the GATT to draw up a sweeping agenda that went beyond trade in manufactured products.

New Issues

Thus, when the new round was finally launched in 1986 at Punta del Este in Uruguay, of the 15 issues on the agenda three were completely new ones (services, patents and foreign investment) and one that had been on the fringes of GATT (agriculture).

The other 11 items on the agenda can be grouped into three broad areas: tariffs and trade of particular products; the effects of trade and, third, a review of the GATT. In the first area are tariffs; non-tariff measures; tropical products; natural resource based products and textiles. In the second area are safeguards, subsidies and countervailing measures; and dispute settlement. The third area covers multilateral trade negotiation agreements; GATT articles; and functioning of the GATT system (FOGS).

The proposals in all 15 subjects, as they have evolved over the past seven years, are important to India. But it has been the ones on textiles, patents, agriculture, services and foreign investment that have generated the most controversy.

Inclusion of textiles

Since the mid-Sixties, textiles exports to the U.S. and western Europe have been regulated by the importing countries. These restrictions cover in minute detail the products and the quantities that each developing country—the main exporters—can sell in the advanced economies. The restrictions have been explicitly aimed at protecting the domestic clothing industries from external competition and they have been the inspiration for the innumerable voluntary export restraints that now operate in the European Community and the U.S. At present the restrictions on textiles are covered by the Multifibre Arrangement (MFA).

Though textiles should never have been exempted from coverage by the GATT principles of trade, it is only in the Uruguay Round that their inclusion has been negotiated. The agreement on textiles, as in the Dunkel Draft, does visualise a winding down of MFA restrictions over ten years. But the transition will be backloaded—more of the ceilings will be removed at the end rather than during the 10-year period. During the transition period, only 51 per cent of textile imports would have been freed from restrictions. The remaining 49 per cent are to be integrated 'immediately' after the transition period ends. Moreover, products that are now outside MFA have been included in the list of textile products that are to be freed from restrictions; thereby further backloading the transition.

Even this transition is now under threat as the U.S. President, Mr. Bill Clinton, during his lobbying of support for the North American Free Trade Agreement, promised interested members of the U.S. Congress that the tentative agreement reached at GATT would be reviewed.

An early major controversy was the proposal to include intellectual property rights (IPRs) in the Uruguay

Round. Until now, IPRs in patents, copyrights and trademarks have been covered by separate international conventions. As these conventions did not have universal coverage—many countries had independently enacted legislation—and since the U.S. and the EC perceived breach of their national IPRs in the low and middle income countries, the subject was put on the GATT agenda as a trade issue. The basic objective was to tighten IPR protection the world over. In TRIPS, there are three areas of controversy: the impact of proposals on the Indian pharmaceutical industry, patenting of micro-organisms and protection for breeders of seeds.

Product patents for drugs

The Indian pharmaceutical industry will be affected if the present GATT proposals on IPRs are implemented. (In copyrights and trademarks the problem relates to stricter enforcement of existing laws). The two main issues are product patents for drugs and extending the period of protection.

For food products, chemicals and drugs the Indian Patents Act of 1970 provides only process patents. The process to make a product can be patented but not the product. Domestic manufacturers, therefore, have had the freedom to use a different process to make what in another country is a patented product. Indian companies have been able to put on the market 'patented' medicines at lower prices. The Patents Act of 1970 has also given the capability to Indian industry to quickly exploit international markets once the product patent expires abroad. India is not the first country to have only process patents. Until the late Seventies, a number of countries in western Europe provided only process patents for chemicals and drugs.

The GATT proposals on TRIPS call for uniform application of the product patent regime. No longer will Indian companies be able to use the process route to make drugs that are under product patents abroad. The life of a patent in the TRIPS proposals has been put at 20 years, compared to seven years for drugs in India and there is a 10-year transition period for conforming to the TRIPS proposal.

Amendment of the Indian Patents Act will, therefore, mean a rise in prices. The issue is by how much and for how many drugs. The prices of non-patented drugs should not be affected. The extent of price increases of product patented drugs is, however, not easy to estimate before hand. If they are produced in India they will not be priced at international rates, but they will cost substantially more than now. Drugs covered by patents in the advanced economies and now available here make up about 10-15 per cent of the total number on the Indian market.

The GATT proposals will hurt Indian industry in the immediate term. But in looking at the issue from the point of view of health what is relevant is not the quicker and cheaper availability, at present, of drugs covered by product patents elsewhere but how many of such drugs are essential.

On the World Health Organisation's list of some 250 essential drugs are 12 medicines which are under product patents in developed countries.

However, the patents issue in drugs has to be looked at in its entirety—research and development capability, prices and exports. A different perspective on entirety has informed policy changes by other developing countries. One by one, countries earlier opposed to a product patent regime have already made changes. Mexico, Brazil and China have all embraced product patents and longer protection regimes. Their perspective has been one of signalling to foreign investment.

Patenting of micro-organisms

Also in the tentative TRIPS agreement is the proposal to patent micro-organisms which, if implemented, could have far reaching effects in the future. The Director-General of GATT, Mr. Peter Sutherland, has often said that under the Dunkel Draft the discovery of a micro-organism cannot be patented but only an invention. This is an extreme simplification of the TRIPS proposal.

In the GATT proposal, tabled by the U.S., a mere discovery of a naturally occurring gene sequence cannot be patented. But if it is purified and multiplied and is of possible commercial value then a patent can be taken out on the micro-organism, even if there is no alteration of the gene sequence. The defining difference is the order of human intervention. If it is high—irrespective of whether or not the result is man-made cloning as in biotechnological research—then the micro-organism can be patented.

This particular TRIPS proposal, which is being opposed by India, could mean that a company from one country that finds use for a micro-organism naturally occurring in another can, after suitable human intervention, obtain a patent. This could impinge on customary uses of the micro-organism in the home country. The ambiguity in TRIPS is how to decide what is a high order of intervention and what is novel about the invention. The latter, *sui generis* protection, that is on the cards is the subject of controversy.

There are four broad issues raised by farmers' organisations and the Gene Campaign. First, the traditional practice of farmers retaining a part of their produce for seed will no longer be possible nor will they be able to exchange seeds among themselves or modify them for use. Second, domestic research will be affected. Third, there will be an increase in seed prices. Fourth, multinational companies will take over the Indian seed market.

All these issues are linked to the provisions of plant breeders' rights (PBRs) contained in one kind of *sui generis* form of protection that is prevalent in western Europe and the U.S. and which could be the model for legislation in all countries. This is the Union Pour la Protection des Obtentions Vegetales, a convention more commonly known as UPOV.

There is the UPOV of 1978 which was superseded by a tighter version in 1991. The UPOV 1991 extends protection to all plants varieties. (The 1978 version was applicable to only five species.) It also places restrictions on farmers' [passage omitted]

Developing Multilateral Negotiating Stance Urged
94AS0114A Madras *INDIAN EXPRESS* in English
13 Dec 93 p 8

[Unattributed article: "The Dunkel Crowbar"]

[Text] The eleven-hour debate on the Dunkel draft, which culminated in the expected walk-out of the Opposition in the Lok Sabha last week, was a ritual affair, including the tearing up of a copy of the draft agreement in the House. The Opposition has done a good job of articulating the fears stemming from the Dunkel draft; but it took the approach that since it is its business to oppose the Government, it needed to do no more than to suggest that the country should opt out of Dunkel, that is, pull out of GATT. That this course of action is not open to India or any other nation in today's unipolar world is obvious enough. The alternative to crowbars, of the American or any other variety, is a strong multilateral forum. Like other developing nations, India has a stake in a truly independent GATT.

True, the Uruguay round is taking the world away from even-handed trade; but the issue then surely is to stem this trend by developing a negotiating stance. The Opposition could have contributed to this by suggesting specific amendments to the Uruguay round proposals before these were consolidated in the Dunkel draft. Indeed, even with regard to the draft, the Government could have been pressured to ask for changes that would result in visible benefits to the country's exports. As things stand, the multilateral trade agreement that is to be finalised on December 15 and made operational from April next year, will improve annual world trade by \$217 billion; this country's share in this at \$207 million will be a fraction of one per cent. India is being fobbed off under the Uruguay round. This reflects the country's failure to adopt a national stance, stemming from a total loss of initiative following its submission to the IMF and World Bank-referred programme of economic liberalisation.

In the Lok Sabha debate, the Union Commerce Minister made brave noises: if the textile export quotas against India are kept in operation for 15 years (as proposed by the US), India will ask for a similar term for relaxing intellectual property rights; since the Dunkel proposals will mean a sharp rise in prices of drugs and pharmaceuticals, the Government will exercise its licensing powers, and so forth. The fact is that retaliatory or protective powers are not available to India under the Dunkel draft nor can issues be reopened at the ministerial-level meeting of April 1994. Worse, in the resurrected GATT, the US and the advanced capitalist countries will tend to gang up against the developing countries; if the multilateral forum does not suit them, there is nothing to stop

them from acting unilaterally against India. The Government has mishandled the Uruguay round negotiations, failed to protect India's interests in international trade and yielded to the one-sided Dunkel draft.

Acronyms Connected With GATT Explained
94AS0114B Madras *INDIAN EXPRESS* in English
14 Dec 93 p 7

[Article: "The Alphabet World of GATT"]

[Text] Geneva—There's something in an acronym that trade negotiators love.

TRIMS and TRIPS, AMS and PSI, MFN and MFA, welcome to the alphabet world of the GATT.

Little wonder that initials are so popular in an organisation whose boss is called "the DG"—short for the director-general Peter Sutherland.

GATT, the General Agreement on Tariffs and Trade, may be the world's best known four-letter word, and its signatories could not resist calling one of its eagerly anticipated offspring, GATS.

That's short for General Agreement on Trade in Services, which will govern trade in services like banking and insurance if the seven-year Uruguay round of talks ever ends.

Some of the acronyms were coined well before the round was launched in the sunny Uruguayan resort of Punta Del Este in 1986.

MFN, the most favoured nation, can claim a certain following among people who have followed trade disputes. It refers to a country offering the same favourable terms to all trade partners, and is a pillar of the GATT.

MRA, or the multi-fibre arrangement, has governed textile and clothing quotas for two decades.

But the round has spawned an entire constellation of abbreviations that spin off the tongues of envoys like curses from the lips of sailors.

There is DFA—draft final act, for a two-year old rough copy of the treaty that might someday emerge.

There are TRIMS—trade-related investment measures, or rules and regulations that can distort trade.

The GATT wants to protect (trade-related intellectual property rights), clean up PSI (preshipment inspection) and measure farm handouts with AMS (aggregate measure of support).

Negotiators want to set up a DSB (dispute settlement body) once it has a DSU (understanding on rules and procedures governing the settlement of disputes).

And when new rules on safeguards, grey areas, serious injury and amber and green policies have been accepted, they will all be supervised by a whole new trade watchdog.

GATT will become MTO—multilateral trade organisation.

Commerce Parliamentary Committee Recommends GATT

94AS0114C Madras *INDIAN EXPRESS* in English
15 Dec 93 p 11

[Unattributed article: "Indian Must Not Give Up GATT Membership: Panel"]

[Text] New Delhi—A parliamentary standing committee of the Commerce Ministry on Tuesday rejected the non-BJP [Bharatiya Janata Party] opposition parties' view that India should not hesitate to opt out of the ongoing Uruguay round of trade talks on Dunkel proposals, saying it was wrong to argue that India's interest would be served best by giving up GATT [General Agreement on Tariffs and Trade] membership.

In its third report on Dunkel draft proposals, tabled in the Rajya Sabha by its Chairman, I.K. Gujral, the committee admitted the final outcome was not in the best interest of India on every count. But, it argued, in multilateral agreements, "it is always the question of give and take."

Stating that in today's world with increasing interdependence of nations, multilateral pacts with most-favoured-nations (MFN) status was advantageous as compared to bilateral pacts, the committee cautioned the country's commercial interests would be ill-served by ceasing membership of GATT.

As such, it asked India to actively negotiate to bring about a more reasonable balance in the proposed agreement which remains loaded against developing countries, and actively consider ways in which the sovereign economic space of developing countries was safeguarded by making common cause with other developing countries.

The committee is of the view that with ratification of the present round of GATT negotiations, the option now available with the US to clamp Super 301 of their trade laws unilaterally against any country should also cease to operate. However, it urged Indian negotiators to obtain specific clarifications to that effect.

Referring to individual issues that have a bearing on the country's economic well-being, the committee said a witness deposing before it stated he did not think that Indian agriculture would gain the export market due to reduction in subsidies made by the developed countries.

This is because the liberalisation in agriculture would be limited and the international support levels for their agricultural products would be reduced by 20 per cent only.

Besides, the witness argued the Dunkel text provided for very strict phytosanitary standards to be observed for agricultural exports. India and other developing countries would hardly be able to meet these standards, resulting in rejection of their exports.

The committee said the Dunkel proposals would discriminate against Indian agriculture as the subsidies

have to be limited to an upper bound of ten per cent of the value of the output for developing countries. This might have grave implications for the poor resource farmers because with increasing cost of energy and other inputs the sectorwise subsidy might exceed this limit.

The committee opined that contrary to the avowed object of including agriculture in GATT, the result of complying with the Dunkel draft proposal could enable the developed countries to capture the food markets to developing countries and also to control the gene sequences, microbiological resources and genetic engineering.

It was of the view if the Dunkel draft was accepted at its face value, the public distribution system could come under severe strain and jeopardy and as such a clear understanding must be obtained from the GATT secretariat that the country's PDS [Production Distribution Sector] would not be hit in any way—presently or in future.

Taking exception to an informal understanding that the traditional rights and practices of Indian farmers for preservation, sale and free exchange of seeds must remain unaffected, the committee said this might not serve the purpose in days to come and said these safeguards must find 'specific mention' in the GATT.

Referring to trade-related intellectual property rights (TRIPS) the committee viewed with grave concern the impact of the proposed patent regime would have on India's drug prices.

It was of the view that specific instruments must be provided in the TRIPS agreement to ensure the patent holders did not use their monopoly power to cause steep increases in prices of drugs and also to ensure that India's fast developing indigenous drug industry was not "gobbled up" by the foreign multinationals.

"The primacy of public interests over the rights of the patent holders should be ensured," it added.

The committee said the Indian patent law had been rightly emphasising patenting of the process and not the product and this should be maintained.

The proposed extension of patent from the current five to seven years to 20 years period virtually discourages any research and development (R and D) and this should not be conceded, the committee said. It said India should insist for grant of automatic licensing in certain circumstances from the patent-holders in public interests. It said micro-organism and biological process should be kept out of the patent regime.

The committee said to sustain the ongoing modernisation of the Indian industry, it was important that technology transfers continue unimpaired. The position could be otherwise if import is treated as working of patents.

"The Dunkel draft on TRIPS militates against GATT principles that countries at different stages of development need to be treated differently in as much as the

interests of developing countries like India have been ignored in favour of developed countries," the committee said.

On textiles and clothing, the committee said India should explore possibilities to get reasonable improvement in the text as this was one area where India's interest from a liberalised trade was clearly visible and there should be efforts to ensure the potential gains were realised.

The committee was also of the view the integrated dispute settlement mechanism as provide in the multi-lateral trade organisation (MTO) was heavily loaded against developing countries like India.

Potentials for Globalization Viewed

94AS0114D Madras *INDIAN EXPRESS* in English
15 Dec 93 p 8

[Article by Kedar Nath Pandey: "Will India Succeed in Globalising Economy?"]

[Text] Indian economy is passing through many kinds of pulls and pressures. At one end of the spectrum, we have the Finance Minister, Dr Manmohan Singh, who under the benediction of Prime Minister, Mr P.V. Narasimha Rao, would like India to dispose of its economic assets to go global, because the present government has nothing to show on the credit side of its achievements. Then, there are "Swadeshiwalas" who have time and again expressed their reservations on the Congress Government's present economic policy in many spheres. The third force in operation is what is called the "Bombay enclave" of industrialists, who through the FICCI [Federation of Indian Chambers of Commerce and Industry] have demanding for a "level playing ground," and express fears about opening up the economy without due safeguards for indigenous sector.

On the political plane, the BJP [Bharatiya Janata Party] has let its support to this demand by stressing the need to strengthen Indian business before exposing it to external competition. The party has also called for restricting the entry of foreign multinationals to core sectors of the economy.

A rather crude formulation against multinationalism has come from the RSS [Rashtriya Swayamsevak Sangh (organization of service to the nation)] in the form of the slogan of swadeshi and the call to boycott consumer products of foreign-dominated companies. The attack on the office of the British agri-business giant, Cargill in Karnataka by an incensed gang some time ago and the company's recent withdrawal from the export-oriented industrial salt project in Kandla in the face of a vociferous campaign are the other unsavoury manifestations of anti-multinationalism. No wonder, former Industry Minister George Fernandes finds the setting right for his crusade against some of the multinationals.

This built-up against multinationalism and external liberalisation needs to be taken serious note of in order to stem the misgivings that seem to be gaining ground. In

particular, what is needed is a clear understanding of what needs to be done at the policy level in dispel genuine fears of industry.

While build-up against multinationalism and external liberalisation needs to be taken serious note of in order to stem the misgivings that seem to be gaining ground. In particular, what is needed is a clear understanding of what needs to be done at the policy level to dispel genuine fears of industry.

While industry leaders continue to support external liberalisation, they have put forth certain specific demands. These include a correction in the existing "inverted" duty structure under which the import duty on finished products is higher than that on capital goods, raw materials and intermediates; further lowering of interest rates to bring them down to international levels; removal of restrictions on inter-corporate investments; permission to borrow against shares; and permission to issue non-voting shares. The basic idea is to enable Indian industry to grow in size, to be able to compete against foreign multinationals and to protect Indian promoters against possible takeover bids by foreign moneybags. The government would do well to look into these demands and take necessary steps, not only to reassure Indian industry but also to blunt the edge of much of the criticism at the political level.

So far as imports are concerned, there is definitely a case for adjusting the tariffs in such a way that finished products attract a higher duty than the related capital goods and intermediates. The inverted tariff structure is against all tenets of good taxation. But short-term revenue considerations have held the Finance Ministry back from correcting this aberration.

The perceived strength of the Indian capital goods industry provided the Finance Ministry the argument for reducing the import duty on such goods. But there is no justification for subjecting the industry to unfair competition. If despite the inverted tariff structure, capital goods imports have not risen so far, it is partly because of the high cost of imports after the devaluation of the rupee. In this sense, the Indian capital goods industry still enjoys a certain measure of protection. But the lower imports of capital goods are also attributable to lower government investments and the slow pace of foreign investment. The crunch will come when foreign investors bring in their own capital goods in the form of equity to compete against indigenous suppliers. It is, therefore, hoped that the necessary correction in the present tariff structure will be made in the forthcoming budget.

As regards interest rates, again, industry's demand is unexceptionable. Although the RBI [Reserve Bank of India] has brought down the lending rates by 4 percentage points since October last year through piecemeal reduction, the present rates are still almost double the average international level. Industry needs bank credit to meet its working capital requirements and to enhance its capacity utilisation. The RBI Governor recently stated

that there would be no further reduction in the lending rates for some time. This is far from what industry had expected.

The RBI and the Finance Ministry are unduly paranoid about a sharp cut in lending rates. Their fears about inflation getting worse on this account do not reckon with the deflationary impact of increased capacity utilisation. Nor are their apprehensions about bank deposits coming down as a result of the concomitant cut in lending rates well-founded. Even if bank deposits come down for a while and the money flows into other channels, it will eventually come back to the banks.

As it is, the spread between deposit and lending rates in India is too large. If despite this, some of the banks are not making enough profits or are in the red, it is because of their inefficiency. Therefore, what is needed is expeditious action to carry out the overdue financial sector reforms. Putting off further cuts in lending rates sends out wrong signals about the government's commitment to these reforms.

Provisions for inter-corporate investments as well as amalgamations have to be liberalised to enable Indian companies acquire the requisite muscle to face the competition from foreign multinational majors. In fact, it is time to promote some of our own multinationals. There are several companies in both private and public sectors which have the capacity to assume this role but are hamstrung because of government restrictions. For instance, the public sector BHEL [Bharat Heavy Electricals, Limited] can go truly global, provided it is allowed to raise money abroad or float its own finance company. We have to go a long way in revitalising the public sector which accounts for a major chunk of industrial investment.

Lowering of tariff and non-tariff import barriers and free inflow of foreign direct investment and technology form an essential part of the globalisation exercise. But in order that globalisation works to the country's advantage, a series of steps are necessary to enhance the competitive edge of the Indian economy.

Foremost, we have to strengthen our production base. And this is saying a lot. For, all impediments in the way of efficient production have to be removed. But the real test of the globalisation strategy will lie in the country's export capability. Apart from a strong production base, cost competitiveness and quality, what is imperative is a complete reorientation of production and marketing operations. The old concept of market coinciding with national boundaries has to give way to a new one. In today's context, market is where demand is—whether at home or abroad. Hundred per cent export units or EPZs [Export Processing Zones] have lost much of their relevance. Export capability has to permeate the entire economy.

Opposition to GATT Signing Detailed 94P50085A Madras *DINAMANI* in Tamil 16 Dec 93 p 1, 7

[Editorial: "Dunkel Plan: Commotion In The Parliament"]

[Text] The BJP [Bharatiya Janata Party] and other opposition parties raised vehement objections in the parliament to the signing of the 'Dunkel draft' by the central government. There was widespread agitation following this in both the Lok Sabha and the Rajya Sabha. In a short period of two hours, the Lok Sabha had to postpone proceedings three times, the Rajya Sabha, twice.

In the Rajya Sabha, the first to raise issue were JD [Janata Dal] and the members of the LF [Left Front]. They demanded to know if the administration had accepted the Dunkel proposals. They demanded that Prime Minister Rao come in person to the parliament to explain the government's position. Those present from the BJP also supported this demand by JD and LF. It was believed that the government had already adopted the draft, and the JD members had worn black armbands to show opposition to this. In the Rajya Sabha, Jaipal Reddy (JD), and Sugumal Sen (CPI-M) [Communist Party of India-Marxist] raised this issue. There were press reports of the cabinet committee appointed to investigate financial matters approving the signing of the draft, and they demanded to know if this was true. Jaipal Reddy equated the signing to the staking of India's sovereignty. As this statement led to agitation and disorder in the House, Deputy Speaker Najma Heptullah postponed the proceedings. When they re-convened, opposition members raised the same issue again. They demanded that the government issue a statement on this matter, and that the Commerce Minister come in Person to explain the matter in the House.

Following this, Sayyad Chipte Razi, deputing for Heptullah pacified the assembly by announcing that Najma Heptullah had conferred with Commerce Minister Pranab Mukherji, who had agreed to give a briefing the next day. Jaipal Reddy, Subrahmanyam Swamy, Ashok Mitra, and others did not accept this and threatened to paralyze proceedings if they were not told immediately if the government had decided to sign the agreement or not. This was followed by great confusion in the parliament. Since the situation kept deteriorating, and nothing could be accomplished, the speaker had to postpone the proceedings once again to the next day.

'Dharna' by Political Parties:

On Wednesday, many political parties and farmers' groups conducted a "Dharna" [picketing] in Jantar Mantar opposing the Dunkel proposals. They insisted that the government not sign the draft, and demanded a total rejection of it. Samajwadi Party's general secretary Raghu Thakur, Telugu Desam Parliamentary Party leader, V.S. Rao, CPI-M leader Ashok Mitra, Indian People's Front's national general secretary, Kumudini

Pati, and Bharatiya Kisan Sangh-Delhi Branch leader Mahavir Singh participated in this dharna-agitation.

Leaders who spoke in the dharna gathering accused the government of selling the country out instead of safeguarding its interests by opposing schemes like the Dunkel plan. There were nation-wide agitations opposing the Dunkel proposals.

Parliamentary Review of GATT Signing Recounted

94P50085B Madras DINAMANI in Tamil 17 Dec 93 p 1

[Editorial: "Dunkel-Demanding Explanation By Rao"]

[Text] Members of both houses of the Parliament agitated on Thursday demanding that the prime minister make a personal appearance to explain India's position on the Dunkel draft. The proceedings were postponed until Friday since nothing could be accomplished on the face of the turmoil. Lok Sabha proceedings were postponed four times and Rajya Sabha Proceedings had to be postponed at least three times. The members cried out slogans like "Selling India out to the United States," etc., in reference to India's signing the GATT.

IN THE LOK SABHA...

Parliamentary Affairs Minister V.C. Shukla pacified the Lok Sabha members and arranged for the Commerce Minister Pranab Mukherji to read out a statement on GATT negotiations. The members ignored that and insisted that the consequences of signing GATT be discussed in the presence of the prime minister, instead of following that day's agenda. When the Lok Sabha reconvened at 2 in the afternoon, the members agitated once again and proclaimed that unless the prime minister came, they would not allow any activities to take place.

Ram Vilas Paswan of Janata Dal, wanted to know if the premier would come. Mr. Shukla informed them that the prime minister was busy entertaining the Indonesian President and to kindly allow the commerce minister to read the statement. He assured them that there was no problem in the premier himself coming subsequently to the parliament, and that the sentiments of the members would be duly conveyed to him. Janata Dal members insisted that the premier himself come. Somnath Chatterji (CPI-M) [Communist Party of India-Marxist] said that Mukherji should be allowed to read out the statement, and the members could conduct the discussions the next day in the premier's presence. He emphasized that no other matter may be taken up in the meanwhile.

After Pranab Mukherji read the statement, the opposition agitated once more that the prime minister come. They proceeded to the center of the assembly hall and shouted slogans. In the midst of their shouting and agitating, the deputy speaker of the Lok Sabha, Mallikarjunaiya attempted to take up other items for discussion from the agenda, and some ministers put forth their issues, but in the pandemonium created by the members, nothing could be heard.

Therefore, Mallikarjunaiya announced that he was postponing the proceedings. When they reconvened the same scene followed once more. At 5 in the afternoon, the assembly was postponed for the third time, and soon after to the next day!

RAJYA SABHA...

The Rajya Sabha proceedings were postponed three times following the agitation by its members. At 1445, the assembly was postponed for the second time. The Speaker, Najma Heptullah had already requested orderly conduct and having failed to obtain the same, postponed proceedings. When they reconvened, deputing speaker Sayyad Chipte Razi announced that Pranab Mukherji will read the statement on Dunkel, to which there was vehement opposition. No one listened to what Mukherji read. Opposition members rushed to the center of the assembly hall. Since Razi's requests were being ignored, he had to postpone proceedings once more.

The question hour was held in the Rajya Sabha inspite of all this. When that was over, Dunkel plan was brought up and there was agitation again. Whenever the house reconvened, there was agitation and so the proceedings had to be postponed till Friday.

PRANAB: EXPORTS WILL INCREASE

Commerce Minister Pranab Mukherji said in parliament on Thursday that, since the new commercial agreements concluded are global in scope, India's annual exports will increase from Rs.31,500 million to Rs.60 billion.

One hundred and seventeen countries, including India adopted global trade agreements on Wednesday (15 December). Pranab briefed both houses of parliament on this and said:

The global expansion of trading will especially benefit India. There will be no adverse effect on grants, rations, textiles, drugs, or copyright registration. Textile export quotas have been extended to 10 more years. Even though this in itself may not be satisfactory, the developed nations have assured that this quota will be removed entirely at the end of the 10 year period. This will help the growth and expansion of textiles. The developed countries of the world have reduced the tariff on agricultural products-exports. Therefore Indian agricultural products may be sold at a reduced price in the world market.

Japan and South Korea have loosened their hitherto firm stand of not allowing rice imports. They have changed their stand and will allow rice to be imported. The agreements stipulate that not more than 10 percent of an agricultural product's value may be levied as tariff on it, but the tariff India will have to pay is much reduced compared to the amount determined by the member countries, due to special concessions. Therefore, there is no need to fear that agricultural grants will decrease.

GATT Feared, Unfavorable Consequences Foreseen*94AS0096A Madras DINAMANI in Tamil 17 Dec 93 p 4*

[Editorial: "An Agreement Favoring the United States"]

[Text] America and Europe have reached an accord regarding the General Agreement on Tariffs and Trade [GATT]. Hereafter the GATT organization will be used as a tool to promote the interests of America and to trumpet America's influence. On the pretext of building up a flourishing international trade on the basis of the Dunkel draft, arrangements to strangle the international trade has now been completed. Developing countries like India will be in a miserable plight as they cannot stop the tide of imports from developed countries and they can not give adequate protection to their own indigenous industries.

The GATT came into being in 1948 with the object of rendering help to every country to achieve self-sufficiency in agriculture and industry, to regulate imports and exports and to levy tariffs as dictated by its national interests. But the latest accord makes it clear that Europe and Japan found out that they have no other option but to bow to mighty America's political and economic power and influence. Developing countries like India have been struggling to find a way to divert surplus manpower in agriculture to industrial sectors. The developed nations are not going to close down their industries, just to help the developing countries. In the United States there are many industrial organizations involved in metallurgy production and they have been operating under heavy losses for years, but have managed to survive thanks to the heavy subsidies from the U.S. Government.

Under the garb of protecting patents and copyrights, the present accord will prevent developing countries' industrial organizations from making any technological advances or discovering any new devices. Even when a couple of nations attempt such advances, the World Bank or the International Monetary Fund [IMF] will advise those nations that imports are better than their own production.

The latest GATT accord is indeed a mighty big victory for the United States of America. America successfully prevented the developing countries from joining hands to put up a joint united front, effectively forced Japan to agree to the accord and subdued Europe to yield to the accord. India will have to give up its plan of modernizing its textile and clothing industries with foreign technology. GATT will hereafter be a new device in the hands of America to threaten and subdue other nations, asking, "Will you do this or will you not do this for the sake of America?"

Dunkel Draft Explained, JD Demands Rao's Resignation*94AS0096B Madras DINAMANI in Tamil 17 Dec 93 p 7*

[Unattributed article: Dunkel Issue: JD (Janata Dal Demands PM's Resignation; What Is "Dunkel?")]

[Text] New Delhi, 17 Dec-

Dunkel Issue: Janata Dal Calls for Rao's Resignation

Prime Minister P.V. Narasimha Rao, by accepting the World trade pact at the behest of America and other industrialized nations, has mortgaged India's sovereignty, and therefore, he should resign his position, so demanded the Janata Dal [JD] on Thursday last.

One hundred and seventeen nations have agreed to the world trade pact. This accord will adversely affect India's industries, including agriculture and textiles. This will pave the way for foreign domination in Indian industries. Therefore, India should get out of the General Agreement on Tariff and Trade [GATT]—said 26 members of parliament belonging to the Janata Dal in a petition presented to the President of India. This information was given by one of the Janata leaders, Ram Vilas Baswan.

BJP's criticism: The Bharatiya Janata Party vehemently criticized the government for accepting the Dunkel draft for the world trade pact.

"Dunkel's suggestions have been widely criticized by various sectors, yet the Rao Government accepted them and this deserves to be condemned," said BJP's spokesman, Krishna Lal Sharma.

He said they will present a petition to the President on Thursday.

Congress Party responds: The Congress Party has claimed that it is the right decision to accept the Dunkel draft. The party spokesman, V.N. Gadgil, said that the suggestions were considered fully by the party and only those that demand to be in the best interests of the country were accepted.

What Is the Dunkel Draft?

The General Agreement on Tariff and Trade is an institution intended to coordinate and promote trade among the nations of the world. This is an international organization just like the World Bank. It was started in 1948, after World War II with 117 member nations.

In 1986 September, a GATT conference was held in Uruguay in South America. GATT's secretary, Arthur Dunkel, presented a 600-page report at the conference. The report carries various suggestions to promote world trade.

It was stipulated that only those nations that agreed to these suggestions could be members of the GATT.

Those countries who agreed to the draft could not formulate or discover new kinds of highly potential seeds and hybrid seeds in agriculture. They can use only seeds that have been patented internationally. In the matter of agricultural production, no more than 10 percent could be given as subsidy for manure, insecticides, electricity and irrigation.

December 15 was the last day for the acceptance of the Dunkel draft. In the meanwhile, news was out that the

central government has accepted the suggestions. The opposition parties feel that the interest of Indian farmers will be adversely affected.

Dunkel Draft Review on Textiles Won

94AS0114E Madras *INDIAN EXPRESS* in English
17 Dec 93 p 13

[Article by Chitra Subramaniam: "Indian Manages To Get Dunkel Text on Textiles"]

[Text] Geneva—In the wee hours of Wednesday morning, US textiles negotiator Jennifer Hillman (a friend of Hillary Clinton) gave up. She had spent Tuesday night and many hours since, trying to tell the Indian negotiators (Islamabad crumbled earlier on) to open up their textiles and clothes markets for exports.

Just before 4 a.m., her chief Rufus Yerxa walked into the room, probably to force the issue. The Indians dug in. Later in the day, replying to journalists wanting to know how and why Washington threw in the towel, chief Indian negotiator Ambassador Bal Krishan Zutshi said: "We didn't blink."

Meanwhile, EC foreign ministers approved a GATT world trade deal, diplomats said. Asked whether the whole deal had been agreed upon, a diplomat said: "Yes, it has been done."

Closely following the India versus United States textiles match were the Latin Americans, who have their heart with India and purse strings attached to the United States. When the results were declared one Latin American diplomat asked aloud "Why didn't India stand up to the US earlier?"

India has managed to save the unsatisfactory Dunkel proposals on textiles from getting worse by the skin of its teeth. Zutshi is the first to admit that the proposals do not give Indian textile goods sufficient access, but what the Americans were asking for would have been much worse.

"Textile lobbyists in the United States and the European Community are an unreasonable lot, some of them are the absolute limit," Zutshi said. So is India's chief negotiator happy?

"If a negotiator says he is happy, it means he has done a bad job," Zutshi told a press conference in the afternoon. "As for the overall results, it is too soon to say anything, only time will tell," he added.

Zutshi said India had given nothing away in agriculture, in so far as it had made no commitments under the agriculture package and had also managed to secure an understanding about the country's public distribution system and food securities. While these concerns will not be reflected in the main text, they will appear as footnotes.

The ambassador said India was not too unhappy with the TRIPS [Trade-Related Intellectual Property Rights] texts. Two issues that had come for particular scrutiny related to the issue of *sui generis* for plant varieties and

patenting of genetic material and gene patenting—under the current agreement farmers would be able to replant their seeds and researchers rights would be safeguarded.

On anti-dumping rules, Zutshi said that American attempts to make a mockery of the rules had been somewhat circumscribed and that the anti-dumping text "had not been considerably" weakened. On the contentious issue of standard of review (panels), Zutshi said it was too soon to say anything but that one thing was certain because of it, "litigation within GATT would increase because countries will have recourse to one more instrument," he said.

In services and especially financial services where the US wants a two-track process, Zutshi said it will be kept open with basic commitments for six months after the multilateral trade organisation (MTO) comes into effect from India's point of view, the issue of movement of persons will also be kept open for the same length of time under the same conditions.

Early on Wednesday, the United States said that the MTO should be re-christened to the 'World Trade Organisation.' That was done. The joke in town is that Washington does not like the world multilateral.

NF-LF Delegation Persuades President To Reject Dunkel

94AS0121D Madras *INDIAN EXPRESS* in English
17 Dec 93 p 1

[Unattributed article: "In the Dark About GATT?"]

[Text] New Delhi—The National Front-Left Front leaders who met the President Shankar Dayal Sharma on Thursday to lodge their protest against the signing of the Geneva treaty on the GATT were in for surprise when he asked them about the implications of the development.

Janata Dal MP Nitish Kumar said, "we came back with impression that the President had been kept in the dark" by the Government on the GATT agreement. He felt the Government should have briefed the President about it.

The NF-LF delegation told the President that the Government had "betrayed the country and let down Parliament" since with the endorsement of the Dunkel proposals "India's freedom had been mortgaged to the dictates of the industrial powers, particularly the US."

They urged him to use his office to persuade the Government to reject the Dunkel draft. Prominent among those who were in the delegation included Sharad Yadav, Ram Vilas Paswan, S. Jaipal Reddy, Nitish Kumar, Srikant Jena, George Fernandes, Devendra Prasad Yadav (all JD), [Janata Dal] Somanth Chatterjee (CPI-M) [Communist Party of India-Marxist], Balayogi (TDP) [Telugu Desam Party] and M. Maran (DMK) [Dravida Munnetra Kazhagam] (Dravidian Progressive Foundation).

Later, talking to the newsmen Ram Vilas Paswan and Nitish Kumar said the Prime Minister P.V. Narasimha

Rao had no moral right to continue in office after having signed the Geneva agreement.

During the debate on the Dunkel draft in Parliament, Government posed the issue as if it were one of a choice between two evils: To be in GATT or to be out of it. "We reject this formulation. If the membership of the new GATT is tantamount to compromising with the sovereignty of our country, then India must be out of it," the delegation told the President in a memorandum.

Opposition Demands Rao's Resignation on Signing GATT

94AS0121C Madras *INDIAN EXPRESS* in English
17 Dec 93 p 1

[Unattributed article: "Rao Told To Quit for Endorsing GATT Accord"]

[Text] New Delhi—An agitated Opposition on Thursday brought the proceedings in both Houses of Parliament to a halt and demanded Prime Minister P.V. Narasimha Rao's resignation for 'compromising' the national interest by endorsing a 'highly discriminatory' GATT [General Agreement on Tariffs and Trade] agreement.

Both Houses were drowned in the din and not much business could be transacted as a vociferous Opposition demanded that the Prime Minister himself clarify the Government's stand on the 'inequitable' Dunkel proposals incorporated in the GATT. After a series of adjournments both the Lok Sabha and Rajya Sabha were adjourned for the day.

As soon as the Lok Sabha met members of the National Front-Left Front combine rushed into the well called for the resignation of Rao for 'succumbing' to the US pressure in accepting the GATT terms. They demanded suspension of the question hour and the Prime Minister's presence in the House to clarify the Government's position on the Dunkel proposals. "No PM no House, Prime Minister hazir ho hazir ho"—they kept chanting in support of their demand for a statement from Rao.

In the Rajya Sabha similar sentiments were echoed with the NF-LF members accusing the Government of "selling out" the country. "The telephone call came from Washington"—Jiban Roy (CPI-M) [Communist Party of India-Marxist] kept shouting pointing to the Congress benches. However, in the morning Deputy Chairperson Najma Heptulla had succeeded in persuading the members to wait for Commerce Minister Pranab Mukherjee's statement on the conclusion of the GATT agreement at Geneva on Wednesday. The question hour, therefore, passed off without disturbances.

But in the Lok Sabha the Chair had to order the first adjournment within half-an-hour. As soon as the House met, the Opposition members began shouting, "Down with the US, Narasimha Rao istifa do." Somnath Chatterjee (CPI-M) alleged that even when Parliament was agitated over the consequences of the GATT agreement, the Indian Indian representatives participating in the negotiations in Geneva had welcomed it. The sole BJP

[Bharatiya Janata Party] member in the Lok Sabha, Jaswant Singh, was also on his feet joining the other NF-LF block in repudiating the Government stand on the issue. However, the party continued its boycott of the Rajya Sabha.

When the Upper House met again in the afternoon, the Opposition members trooped into the well demanding the Prime Minister's presence. Pranab Mukherjee, who stood up to read out his statement, was interrupted by the slogan-shouting members. "We are not listening to your speech," Jaipal Reddy (JD) [Janata Dal] told the Commerce Minister. The Minister's voice was lost in the melee. With the NF-LF members shouting slogans from the well, Deputy Chairperson Najma Heptulla irately remarked, "Looks like you are standing on the roadside." Unable to pacify the members she adjourned the Rajya Sabha for the day.

In the Lok Sabha while the Opposition allowed Mukherjee to read out the prepared statement, they were opposed to initiating the debate in the absence of the Prime Minister.

Mukherjee who was finally allowed to make a statement presented the treaty on the GATT signed by Indian in Geneva as a fait accompli for the country. "On the whole it is our considered judgment that India has more to benefit from the expansion of world trade through the Uruguay Round Agreement rather than pursuing any alternative course of action," the Commerce Minister Pranab Mukherjee told the Parliament in a statement.

He sought to ally the Opposition fears in the areas of subsidy, the public distribution system and patented drugs.

Chambers of Commerce Welcome GATT Talks' Success

94AS0121B Madras *INDIAN EXPRESS* in English
17 Dec 93 p 13

[Article: "Success of GATT Talks Welcomed"]

[Text] New Delhi—Various chambers of commerce have welcomed the success in negotiations on General Agreement on Tariffs and Trade (GATT).

Bansi Dhar, President of Federation of Indian Chambers of Commerce and Industry (FICCI), said the global trade would now move forward with more certainty in the years ahead.

"The world merchandise trade of \$3800 billion will be able to come out of sluggish growth which it had slipped into the last few years," he said, adding that world trade would grow by 8 per cent to 9 per cent per annum for the remaining years of the century.

N. Sankar, a president of Indian National Committee of International Chamber of Commerce (INC-ICC), while complimenting the governments of 116 countries and GATT director general Peter Sutherland, said that GATT round would strengthen the multilateralism and

reduce the tempo of building trade blocs and scope of bilateral and plurilateral agreements on trade issues.

L.K. Modi, president of North Indian Chamber of Commerce and Industry (NICCI) said that countries like India would benefit because of the larger market access given in the services and agricultural products.

Congress Parliamentary Party Discusses Dunkel

94AS0121A Madras *INDIAN EXPRESS* in English
17 Dec 93 p 1

[Unattributed article: "CPP Meet To Discuss Dunkel"]

[Text] New Delhi—Prime Minister P.V. Narasimha has summoned a meeting of the Congress Parliamentary Party on Friday as part of efforts to contain the Dunkel fall-out within the ruling party.

The CPP [Congress(I) Parliamentary Party] general body called at short notice will be addressed both by the Prime Minister and the Commerce Minister Pranab Mukherjee on the implications of the Dunkel agreement. The move to call the CPP is aimed at pre-empting criticism from within.

Rumblings within the party on the sensitive issue were, however, evident when several members demanded that they be allowed to speak at Friday's general body meeting. Among those who claimed to have sent notice for speaking to the CPP secretariat are Jagmeet Singh Brar and S.S. Surjewala.

CPP secretary Vilas Muthemwar said that members who wished to speak would be allowed, time permitting. The meeting is scheduled to last 90 minutes.

As per the game-plan prepared by Rao managers, the Prime Minister after taking party MPs [Member of Parliament] into confidence would intervene in the on-going discussion in Parliament. On Thursday the Prime Minister avoided Parliament ostensibly because he was busy with the education summit.

AICC [All India Congress Committee-I] spokesman Vithal N. Gadgil when grilled by reporters for the party's stand on the GATT [General Agreement on Tariffs and Trade] agreement said that the party supported the Government's decision taking the "realities" into account. "Certain realities have to be taken into account," he said.

The spokesman rejected the possibility of the President Shankar Dayal Sharma being kept in the dark, and pointed out that every Cabinet paper was routinely sent to him.

Dunkel Draft Signing Seen Irresponsible

94P50085C Madras *DINAMANI* in Tamil 18 Dec 93 p 4

[Editorial: "Responsibility May Not Be Shirked"]

[Text] Opposition parties have brought the Parliament to a stand-still the past few days, agitating for an explanation of India's stand on the recently concluded GATT

negotiations in Geneva. These were based on the controversial Dunkel proposals, and the prime minister is being pressed for answers. The BJP [Bharatiya Janata Party], already angered by the jailing of its leaders, has gotten all the opposition parties together and has vehemently condemned India's decision to sign it. The consensus shown by the entire opposition in objecting to India's signing as a "sell out," is praiseworthy.

However, this realization has come too late to the opposition parties. Rao government could not take a definite stand during the Uruguay Round of talks which were held among specially formed committees, away from administration's view. The developing nations had not devised a common approach and any secondary effort by India would have only met with failure. The opposition parties that are raising such a hue and cry did not propose even a single alternative then! Our representatives did not have any backing to present to Europe and to the U.S., possible disadvantages to India in signing the pact. One of the reasons U.S. dominated the Uruguay Rounds is that there was no political stability in India. V.P. Singh Government was busy securing its place and was unable to give GATT issues the serious attention they deserved. The Chandra Shekhar regime was interested only in extending its time in power, and our politicians also had to concentrate their energies on that.

The Rao Government which has already subjugated itself to directives of major financial institutions in embarking on a more open trading system, could not address the true interests of India in Uruguay the way they should have been. Not a single political party is devoid of the blame of neglecting such serious issues of grave national consequences as multinational entry into our trade sector, etc., in preference to other less important matters. The opposition parties can only pride themselves for having frustrated the ruling party for sacrificing the country's sovereignty but no one can shirk the responsibility for allowing multinational authority over Indian indigenous agriculture, trade, and commerce.

Dunkel Draft Adoption Defended

94P50085D Madras *DINAMANI* in Tamil 18 Dec 93 p 5

[Editorial] "Rao: Concessions Obtained For Developing Nations Because Of India's Efforts"]

[Text] The efforts India took to review the GATT negotiation terms based on the Dunkel draft have paid off according to Prime Minister Narasimha Rao.

Addressing the gathering of Congress Parliamentary Party members on Friday he said that India cannot avoid multilateral trade anymore; we are having to import fertilizers, machinery, and many other important commodities, and we have to sign the GATT so that there can be control in these dealings.

Commerce Minister Pranab Mukherji spoke in a manner alleviating distrust and fear towards the negotiations. He answered questions posed by members.

Many members felt if this briefing had been timely, they could have handled the agitated opposition effectively in the parliament.

At first, when GATT's chief author/director Arthur Dunkel revealed his plans by means of drafted proposals, there was a lot of apprehension of what its consequences to the developing countries would be. Prime Minister Rao pointed out that the then prime minister Rajiv Gandhi had sent a high level delegation comprising of then finance minister V. P. Singh, K.C. Pant and others to the first round of discussions following its introduction.

Pranab Mukherji said it is not clear what the opposition parties are trying to say. He said that even the Gujral Committee recommends that it is best to stay in and negotiate for the most concessions. Getting out in a huff or staying aloof is not the right course of action. He reminded everyone that no party had wanted India to get out of the consortium.

Communist Leader Explains Dunkel Proposals

94P50085E Madras DINAMANI in Tamil 19 Dec 93 p 5

[Commentary: "Indrajit Gupta Urges Increasing Public Awareness"]

[Excerpts] Indrajit Gupta, one of the senior leaders of the Indian Communist Party has said that there is not enough public awareness of an issue as serious as the adopting of Dunkel proposals. He urged the trade unions and political parties to come up with projects that can instill and improve such awareness. Speaking to the media at Madras Harbor on Saturday, he said that most of the common people did not know anything about the Dunkel proposals. (Arthur Dunkel drafted the proposals on which global trading agreement is being designed. The proposals turned out to be controversial, but with some revisions, most of the countries in the world have accepted them).

He said that if the trade unions and farming institutions co-operated in opposing the Dunkel plan, then the government will be compelled to re-examine its stand. He told them that only the initial debates on the proposals were concluded on the 15th of December. There was a whole year for the government to decide on signing or rejecting it. He added that there was enough time for the government to re-examine its decision. On a specific issue that could throw light on the implications of entering hastily into agreements the following meeting report is helpful:

He had come to Madras to participate in the meeting of an action committee appointed to examine the issue of the methodology to be adopted in the bilateral negotiations on the dock-workers' salary raise. He said, "We are not opposing starting ports under the private sector, but we are worried how it will affect existing ports. No one is opposing re-organizing trade sectors. But we are

requesting that the improvements do not prove detrimental to workers' interests and their jobs. There are already efforts to reduce the number of workers in ports."

Finance minister Manmohan Singh's repeated claims that there is no reduction in the work force is just a show. There are no jobs to meet the resultant unemployment. [passage omitted] The finance department has to make decisions on about 55 sick and ailing industries. When they finally close there will be a big clash between the trade unions and the government. Since the government has decided to sign the Dunkel Draft, this clash may reach serious proportions.

Apparel Export Council Deplores Delay in Inclusion

94AS0121E Madras INDIAN EXPRESS in English 21 Dec 93 p 14

[Unattributed article: "Textiles Will Get Into GATT 'in 10 Years'"]

[Text] New Delhi—India's textile exports would have to contend with a snail's pace integration of textiles into the rule-based General Agreement on Tariff and Trade (GATT) system for another ten years especially from its major trading partners of the United States and the 12-member European Union (EU), the Apparel Export Promotion Council (AEPC) chairman, Ashok Chugh, said here Sunday.

In an interview to PTI [Press Trust of India] here on the eve of relinquishing his tenure as AEPC chairman, Chugh said though a definite time-frame of ten years has been hammered out for the abolition of import-quota regime embodied by the Multi Fibre Arrangement (MFA), the process of integration of textiles into GATT would be abysmally slow and in the case of EU and the US this would be insubstantial till the end of the tenth year.

Elaborating on this point, Chugh said the EU has agreed only for 1.4 per cent integration for the first three years, 6.9 per cent in the next four years and 15.4 per cent in the last three years. Thus, as far as EU is concerned, in seven years' time the textile regime under the MFA would be freed only to the extent of 8.3 per cent while the remainder 15 per cent in the last three years.

He said with the EU only 23.7 per cent of the total textile trade would be freed of the MFA and "virtually no growth has been given to us and we could only hope that by the end of the decade, the balance 76 per cent is freed at one go, which is a fond hope."

Referring to India's textile exports to the United States, Chugh said the integration phase ranges from three per cent in the first three years, 10 per cent in the next four years and 32 per cent in the last three years. This meant, he said, 13 per cent integration in seven years and at the end of the ten year it would be 45 per cent and the remainder 55 per cent would be 'at one go after ten years, which is again a fond hope.'

Chugh charged the developed countries with using the ten year phase-out time to solve their recession faced by their textile industry by offloading their obsolete machinery to third world textile exporters who were in any case liberalising their imports of capital goods for purchase provided to garment exporters. He said if only the government could release the Rs 1.5 crore due to the council, it would apportion the sum for footing expenses incurred by exporters in garment fair exhibition abroad or for promotional work. He said in the past AEPC used to foot 40 per cent of expenses borne by exporters in trade fair participation abroad.

Referring to developments at home, the outgoing AEPC chairman said the government's recent move insisting on garment quota-brokers to deposit one lakh nonrefundable sum with Rs 5,000 annual charges was challenged in the court. He said the move designed to defeat quota frauds, only helped the quota-brokers as they seemed to be dictating exporter/manufacturer.

Chugh suggested the garment exporters must have a choice and quota brokers should only be optional and wherever self-certification as in the case of customs would do it should be permitted.

Expressing concern over the sudden decline in non-quota exports recently, the AEPC said this was due to abolition of market development assistance (MDA).

Chugh also pleaded for providing ten categories of items for export under non-quota entitlement (NQE) which was slashed to five under the 1994-96 three-year garment policy.

He said non-quota exports had declined from 18 per cent last year to 10 per cent now. Chugh wanted a separate joint secretary in charge of garment exports so that exporters facing problems could have an audience with the official to sort out issues. This is necessary, he said, because garments exports alone account for 15 per cent of the country's aggregate exports.

He was optimistic that the current year's target of garment exports of Rs 10,500 crore would 'surely be achieved,' provided the government came forward to address the basic problems plaguing exporters including changes in the AEPC set-up where an IAS [Indian Administrative Service] officer with limited tenure functions as director-general.

Nanjunda Swamy Intensifies Anti-GATT Activities

94AS0121G Madras THE HINDU in English
22 Dec 93 p 14

[Article by M.A. Deviah: "Driving Away the Multinational 'Devils'"]

[Text] Bangalore—He describes himself as a Gandhian terrorist; his adversaries call him a mad man. The Karnataka Government does not know what to do about him and simply ignores him. But, for thousands of anti-Dunkel Draft (now anti-GATT activists, he is a hero. Instead of restricting himself to merely holding

seminars, carrying banners and shouting slogans, Karnataka Farmers' Association President M.D. Nanjunda Swamy has achieved the seemingly impossible: his supporters twice attacked and destroyed facilities belonging to the multinational seed company, Cargill Seeds India Limited. And even though his hand has been clearly indicated in the attacks, the authorities have neither the courage nor the inclination to take action against him.

Now with the General Agreement on Trades and Tariffs becoming reality, Nanjunda Swamy intends taking his anti-GATT show on the road. Starting this month, he will deliver lectures at various universities urging the youth to stay away from products manufactured by multinational corporations (MNCs). This lecture tour will begin at Hyderabad and will continue with Banars, Aligarh and Ahmedabad. On January 1, he will hold farmers' meetings at Dharmapuri to spread the message about how GATT is going to destroy them and their way of life. Tamil Nadu is a sore point with Nanjunda Swamy because he claims the Jayalalitha Government has used repressive measures to prevent anti-Dunkel Draft meetings in the past.

"As an old student of socialism, I look at MNCs as the last vestiges of capitalism. I call them last vestiges because they will be wiped out by people's movements," he says. "People in all countries are unhappy with GATT. That is why I believe there will be a global people's movement. Before the treaty, the people had a chance to elect their own governments which took care of their interests. After GATT, the role of Governments will be reduced in favour of the free trade regime, in other words the MNCs."

What about any more gung-ho attacks like the ones on Cargill Seeds facilities at Bangalore and Bellary, in North Karnataka? "Definitely," he says, adding that his next target will be the American W.R. Grace and Company, which has set up a neem extraction plant at Tumkur, near Bangalore. According to him the farmers have stayed away from W.R. Grace till now as the company used hexane, an explosive, in its extraction process. However, they are working on how to get around this. According to Nanjunda Swamy, W.R. Grace is attempting to patent the pesticidal properties of neem, an accusation which has been denied several times by the company.

Unfazed: Denials have never fazed him; he simply ignores them and prepares a new line of attack. Nanjunda Swamy is a shrewd politician, using a combination of truths and half-truths to whip up passions. For instance, his first attack against Cargill Seeds centered around the accusation that seed patenting, as laid out in the Dunkel Draft, would mean that farmers would not have the right to re-plant the seeds they have harvested. When this was proved false, he came up with another accusation—that Cargill seed producers had destroyed 500 acres of sunflower fields in Dharwad district of Karnataka. This story too proved to be false. On another occasion he accused Cargill of paying its seed producing

farmers only Rs 3 per kilo of sunflower seeds acquired by them and selling it at Rs 85 per kilo. In reality, Cargill pays Rs 45 per kilo.

Cargill now conducts its operations under heavy police protection. But this will not deter Nanjunda Swamy.

He says, "What are a few cozen policemen against us? I could bring 6 lakh farmers to Bangalore, you think I can't take care of Cargill?" Along with W.R. Grace, Nanjundaswamy, intends to attack other multinational seed companies operating in Karnataka—Pioneer Seeds, Continental Seeds and Sandoz India Limited. "I want to drive them out," he says. On a larger scale, the Association will link up with other regional groups to fight multinationals like Pepsi, Coke, MacDonald's, Burger King and Kentucky Fried Chicken. The Association is also opposing Madonna's tour of India next year.

UN Delegates Optimistic About South Asia

94AS0121F Madras THE HINDU in English
25 Dec 93 p 7

[Article by R. Chakrapani: "Good Outlook for South Asia Forecast"]

[Text] United Nations, Dec. 24. Departing delegates from the 48th session of the General Assembly which practically ended today but for a few routine items were given the cheerful news that 1994 will mark the start of a dynamic, growth-oriented world economy.

The coming years will be especially good for South Asia, particularly India. According to them, India would attain an annual growth rate of 5.5 per cent, benefiting from its reform-oriented policies and by positive global economic trends.

Mr. Cristian Oasa, U.N. economist and director of the Department of Economic and Social Information, who released the Department's year-end global survey, gave two reasons for this optimism and ambivalence about the U.S. economic situation had ended and it was now seen headed for strong growth, and the Uruguay round for trade negotiations had concluded on a successful note. "Both these factors were not present last year," said Mr. Oasa.

African situation disturbing: While all regions of the world, markedly Asia, were poised for greater growth, the economic situation in Africa remained "disturbing," he noted. Output in Africa was estimated to have grown only by 2 per cent much less than its rate of population growth. The outlook for 1994 was likely to be no better.

Referring to Asia, Mr. Oasa said the region was slated to remain the fastest-growing area. This was in spite of the fact that China was expected to grow by only 10 per cent for the first time in three years.

"India continues to accelerate out of its adjustment-related slowdown at the beginning of the decade" the survey said. "Its output in 1994 is predicted to rise at 5.5 per cent."

Along with the growth rate of six per cent or more in several countries, including the Republic of Korea, Taiwan province of China, Indonesia and Thailand, the combined growth of South and East Asia is expected to exceed six per cent.

The year-end survey predicted a rise in world trade by six per cent in 1994. This was an improvement over last year when there was a fall in world trade because of weak economic growth in Europe and Japan.

Industrialised countries were expected to enter the recovery phase of their economic cycles in 1994. While unemployment will continue to remain high in Europe, the report said the job rate in the United States was expected to be the highest in the industrialised world.

The survey concludes with the observation that "the spirit of cooperation that prevailed among all groups of countries in the last stages of the Uruguay round of trade negotiations gives ground for optimism. Indeed, the conclusion of the round has given rise to opportunities which could mark the beginning of a more dynamic world economy."

The survey is expected to be considered by the Economic and Social Council which holds its next session at New York next month.

Resolutions adopted: The General Assembly, working at top speed on Wednesday, passed a number of resolutions and reports sent up by its main economic committee.

Two resolutions on the issue of international economic cooperation adopted were noteworthy. One draft, strongly backed by the nonaligned group, asked the industrialised creditor nations and multilateral organisations to take additional measures including, cancellation or reduction, to alleviate the external debt burden of developing countries. The resolution received 146 affirmative votes in an Assembly of 184 nations but there was one negative vote cast by the United States.

Explaining its opposition to the resolution, the U.S. delegate said the U.N. was hardly the forum to raise this matter. For multilateral debts, the forum was the executive boards of the IMF and the World Bank and the Paris Club which, he said, had given debt relief to many countries. As regards bilateral debts, this could be usefully discussed with the bilateral creditors.

On the issue of North-South issues, the Assembly called for strengthening "constructive dialogue and partnership" in order to promote further international cooperation and development. Such a dialogue should be conducted "in response to the imperatives of mutual interests and benefits, genuine interdependence, shared responsibilities and the partnership for sustainable development."

New Thrust on Exports Threaten Steel Industry

94AS0122A Madras INDIAN EXPRESS in English
28 Dec 93 p 13

[Text] New Delhi—With the new thrust on exports and private sector, steel industry in the country faces the twin

threat of stagnation in demand and steep hike in input costs besides infrastructural bottlenecks for exports.

The domestic demand in the current year is likely to touch 15.4 million tonnes—slightly higher than last year's 15.25 million tonnes (much below the projected demand) as against the projected demand of 17.3 million tonnes.

In the coming year, while the projected demand has been put at 18.5 million tonnes, the planning commission and sail have estimated it to be around 16 million tonnes.

In fact, the planned production for next year is likely to be around 16 million tonnes against the domestic capacity of about 22 million tonnes leaving about 6 million tonnes of idle capacity.

According to industry sources, the stagnation in demand is mainly due to the recession in the steel consuming sectors like heavy industry, engineering and processing industry as very few new projects require substantial quantities of steel.

There has also been a heavy drop in expenditure by the government departments including railways which reduced its steel procurement during the year by 20 percent. PTI

Dunkel May Conflict With Socio-Economic Objectives

94AS0122B Madras *INDIAN EXPRESS* in English
28 Dec 93 p 8

[Article by Prem Kumar: "The Dunkel Dangers"]

[Text] Some areas of the Dunkel text which represent the kernel of the just-concluded Uruguay Round come into conflict with India's Constitution, especially the Directive Principles. Thus, the domain of domestic policy is being subjected to international scrutiny because of which conflicts may arise between our socio-economic and political objectives and international commitments. A conflict may also arise in exercise of jurisdiction by our judicial bodies and panels and authorities being set up under the Dunkel text where domestic policy issues are involved.

The provisions of the Dunkel text regarding subsidies are an important area of possible conflict. While developing countries with per capita income of less than \$1,000 are not required to phase out export subsidies, there is no relaxation in their favour as regards nullification or serious prejudice. In any event, in considering the legal aspect, we should consider also the situation when the threshold income has been reached.

Now, while both in the case of manufactures and agricultural products subsidies for disadvantaged regions are allowed, they have to be given to all enterprises located there. No exemption is allowed for assistance given to a section of the people. Article 46 of the Indian Constitution enjoins upon the State the duty of promoting the economic interests of the weaker sections of the people, particularly of scheduled castes and scheduled tribes. In

our programmes of economic assistance, there is a special dispensation in favour of backward classes, scheduled castes and tribes with respect to interest rates, margins, grant elements, etc. We also know that in certain industries mostly persons of these categories participate. In fact, some castes are known by their profession or industry affiliation such as *julaha* (weaver). It will be possible for another country to argue that goods exported by such industries (handlooms, carpets) or from such enterprises (National Textile Corporation) carry more than 5 per cent subsidy, causing 'serious prejudice' to its interests and are actionable. Thus, there could be a conflict between the objectives of Article 46 and these provisions of the Dunkel text.

In the same vein, supply of agricultural inputs such as fertiliser, at subsidised prices to farmers other than poorer ones defined in income terms, will attract the provisions of the Dunkel text regarding commitment for reduction of domestic support.

While regional development programmes are permissible under the text, insistence upon inclusion of criteria mentioned in Section 1, Article 8(b)(iii) would exclude some of the regions, possibly North-East, which are covered by special programmes such as freight subsidy. Similarly, our public distribution system and distribution of essential goods at subsidised prices is partly designed to reduce inequalities in income and various facilities (c.f. Article 38 of the Constitution). But these are frowned upon by the Dunkel text.

The second area for focusing attention is Article 48 of the Constitution. "The State shall endeavour to organise agriculture and animal husbandry on modern and scientific lines and shall, in particular, take steps for preserving and improving the breeds...of cows and calves and other cattle." There may be hindrance in the achievement of this objective by the State due to proposed provisions regarding patents. (Article 27 of Annex III to Final Act on IPRS). Since no exception is being made for pesticides and agricultural inputs and, even for plant varieties and animals, a regime of patents of *sui generis* system is to be established, there can be problems in making available the genetic material and propagation of improved breeds for general distribution to farmers. Prices of agricultural inputs are very likely to rise due to the introduction of product patents in these areas (the argument is only about its extent) and their use of consumption which is strongly correlated to prices, will be adversely affected and in turn this will affect agricultural production unless farmers are compensated by corresponding adjustment in output prices. Difficulty may also arise in multiplying and supplying new breeds of plants and animals which would negate Article 48.

The Multilateral Trade Organisation (Annex IV to Final Act) will be something of a supranational body. It would adjudicate, enforce and punish. Since the text brings within the ambit of various agreements domestic policies also, there is potential for conflict of jurisdiction. Our courts testing the actions under our laws and Constitution may hold them valid (e.g., in the case of foreign

providers of services) while MTO may consider them actionable and authorise retaliation.

It should be noted that so far "national treatment" concept was applicable to goods only (Article 3, GATT). The concept is now being extended to entities and persons of another country in one's territory. Thus the Agreement on Trade in Services (Annex II to Final Act—Articles VI, XVII, etc.) extends to aliens, a right available to citizens, since many services can be provided only by establishment in the territory of host country. Restriction on extent of equity holding, aggregate foreign investment, limitation on number of natural persons of country providing services, etc., may not be possible in scheduled sectors (Art. XVI *ibid*). The jobs for citizens and national control would thus be affected. It will not be permissible to restrict transmission of data to the country of providers of service and their being processed there. Measures which restrict or require specific types of legal entity through which a service provider may provide a service, shall not be maintained. What happens to areas restricted to cooperative sector or small-scale sector under our Industrial Policy Resolutions?

Lastly, many of the policies covered by various agreements are within the jurisdiction of states or are concurrent subjects. No doubt Article 253 of the Constitution allows Parliament to legislate in such areas also to give effect to an international treaty. However, since many basic policies of state governments are involved they must be consulted before any commitment is made with respect to such areas. A ratification by Parliament of the emerging agreement and consultation with states should be necessary, contrary to past practice, as no such wide-ranging international agreement affecting national and sub-national policies and of concern to many sections of the people has been concluded before. After all, it will be possible to give effect to many of the provisions of the Dunkel text through legislation only.

'Significant Concessions' Given Under GATT

94AS0121H *Madras THE HINDU in English*

28 Dec 93 p 6

[Unattributed article: "'Significant Concessions' for India Under GATT"]

[Text] New Delhi, Dec. 27. India has managed to get significant concessions for the recently concluded Uruguay Round of GATT (General Agreement on Tariffs and Trade) negotiations, and the areas in which it will get the benefits are, agricultural exports services, chemicals and pharmaceuticals exports and even textiles.

This was disclosed by the Deputy Director General of GATT, Mr. Anwar Hoda at a discussion on the Uruguay Round, organised by Rajiv Gandhi Institute for Contemporary Studies.

Mr. Hoda, who was formerly India's chief negotiator in the Uruguay Round, however, said the country would have to make major legislative as well as policy changes

in order to fully reap the benefits of the GATT agreement. For instance, the Monopolies and Restrictive Trade Practices Act could be amended to provide stricter norms for anti-competitive measures by drug companies to allow easier recourse to competitive licensing. Similarly, he agreed with the participants that a legislation on plant breeders' rights would enable India to have greater control in the area of gene patenting.

Clarifying several issues on intellectual property rights, he said that wide ranging policy changes would have to be made in the field of patent laws. At the same time, drugs produced under present patents would not be affected. The new regime would apply only to drugs based on inventions made after the document actually comes into effect in early 1995.

Certain areas, he said, had not been specified clearly. "Public non-commercial production" of drugs, Mr. Hoda felt, could be applied to pharmaceuticals distributed through hospitals or public institutions. These areas would probably be clarified in the coming months.

Giving a comprehensive picture of what he termed the "end game" of GATT talks, Mr. Hoda said unilateral action was still possible by countries such as India, in order to gain greater benefits from the multilateral regime. But the U.S. would no longer be able to take any action under the section 301 of its Trade Act without reference to the newly created World Trade Organisation which will probably be finally set up by January 1995. This follows ratification of the agreement by member countries during 1994.

"Exports will go up:" On exports, Mr. Hoda was optimistic that the country would increase its share of agricultural exports substantially, owing to reduction in tariff barriers. Wheat, rice and sugar are the commodities in which India could be highly competitive in world markets, he felt. The reduction of subsidies on the total volume of agricultural exports would also help. For instance, with the total volume of wheat trade ranging around 40 million tonnes, the reduction of subsidised trade would be in the region of eight million tonnes, thereby benefiting more efficient producers in developing countries.

In chemicals, he said industrialised countries have agreed to harmonise tariffs and bring down the average tariff levels from 20 to 6.5 per cent. In pharmaceuticals, tariffs would be brought down to zero, giving a substantial benefit to India which is already exporting large quantities of bulk drugs.

Mr. Hoda said that contrary to public perception the Indian delegation was able to make a major contribution to the final agreement, greatly disproportionate to its 0.5 per cent share of global trade. For instance, it was not widely known that it was through the efforts of the Indian and Pakistan delegations that the developed countries agreed to end the Multi-Fibre Agreement and provide a specific transition period for phasing out of quotas.

Even in services, the movement of personnel was brought into focus by India, though the developed countries were only interested in other areas. He said a thin wedge had been opened to allow Indian personnel from consultancy and computer companies to be transferred and located abroad. The Indian team was also able to ensure that the differing aim of food subsidies in this country, compared to the developed world, was highlighted and recognised. Similarly, the import restrictions on consumer goods owing to balance of payment difficulties was accepted by GATT.

India also played a major role in ensuring that the three agreements on TRIPS (trade related aspects of intellectual property rights), goods and services were kept separate, he said.

Former Foreign Secretary Says Government Confused

94AS0124A Madras THE HINDU in English
29 Dec 93 p 8

[Article by Muchkund Dubey, former foreign secretary: "Uruguay Round: The Denouement"; first paragraph THE HINDU comment]

[Text] In defending the Dunkel Text the Government and its supporters are mixing up two entirely different sets of arguments.

The Uruguay Round formally concluded on the scheduled date of December 15, 1993. The flurry of negotiations towards the end mainly involved the two major trading partners, the United States and the EC and, to a limited extent, Japan, India and the other developing countries were on the periphery of the negotiations throughout. For them the final package remained almost the same as assembled by Mr. Arthur Dunkel, the former Director-General of GATT, in his celebrated text.

Since the adoption of the text, in order to defend its position the Government of India seems to have mounted a publicity blitzkrieg in which no holds are barred, and no argument or interpretation, however flimsy or far-fetched, is to be discarded. From all this one very nearly gets the impression that the final outcome of the Uruguay Round is tailor-made to suit India's interest.

It is claimed that our exports will go up by an additional \$1.5 to 2 billions annually, that there will be a real spurt in our agricultural exports, that the IPR regime will bring us a lot of benefits, that our policies and practices in the vital areas of investment, food security, farmers' right to reuse and sell patented seed varieties, and obligation to grant minimum access, for agricultural imports, will remain intact. It is also claimed that with the adoption of the Uruguay Round we have emerged from the twilight of the old jaded GATT trading system to a new liberal "orderly multilateral trading system."

In defending the Dunkel Text the Government and its supporters are mixing up two entirely different sets of arguments. At one level, they are defensive and are

arguing that India had no alternative but to accept the Dunkel Text because we were isolated and because we cannot keep out of the multilateral trading system. This implies that there is something intrinsically wrong with the Text, but we can neither avoid it nor do without it. At the other level, they go on the offensive and interpret the specific provisions of the Text to bring out how they serve India's interest. There is definitely a contradiction in these two sets of arguments.

On both the issues of India's isolation and the perils of India remaining outside the multilateral trading system, a number of related questions arise which have never been answered. Why did India allow itself to be isolated? When did the isolation occur and who were responsible for it? Were there any objective factors, internal or external, accounting for this isolation? Similarly, why did we allow ourselves to be led like a sacrificial lamb to the altar of the multilateral trading system? Did we really have no leverages at all? How about the size of our economy, and market, our infrastructural base and our trained manpower, of which we are never tired of boasting in other contexts? How about the bargaining value of the massive liberalisation that we have undertaken as a part of our structural adjustment programme? Were we able to take advantage of them? And if we were not then what were the reasons? Some day the Government will have to come out clean on these points.

Keeping these arguments of tactics and strategy aside for the time being, let us examine what we have lost and gained in certain key areas. In most of these areas, the Government's argument runs on the following lines. "We have been given a transitional period of 5 to 10 years. We can maintain our present regime for the time being. No changes need be made in our present policies." This is good as far as it goes. But should we not pay greater attention to the new international regimes that have been established or would emerge and see how we are going to fare under them rather than harping on the temporary relief or reprieve that we have been given?

The most dismal part of the score card is TRIPS. Here we have gained nothing and lost everything that we could have. In 5-10 years time, India will no longer be able to manufacture life-saving drugs based on process-patent. All these drugs will have to be imported. Statistical figures relating to some 30 drugs in the category show that today the United States prices are 2.63 times to 71.29 times costlier than those prevailing in India and the U.K. prices are 2.45 times to 47.88 times costlier. On what basis can then the Government say that the price increase will be only by 20 to 60 per cent.

Apparently, they are quoting the average figure, taking into account all drugs—life-saving or otherwise, and patented as well as unpatented. The measures the Government is talking about for keeping the prices at a reasonable level are in the nature of bravado. The Drug Control Rules will not help because there is no way the importers can be forced to sell the drugs they import at a price 5-10 times lower than what they paid. Of course, the Government can subsidise; but this will be at the cost of the exchequer. The

Government will also find itself helpless in getting the drugs manufactured in the country because, according to the Dunkel Text on TRIPS, for the application of the patent "importation" is as good as "local production." Moreover, it will be extremely difficult, if not impossible, for the Government to ensure the working of the patent. There is no provision in the Dunkel Text on "compulsory licensing" of the kind provided in the Indian Patent Act of 1970. The provision for "other use without the authorisation of the right holder" contains so many safeguards—such as offer of "reasonable terms and conditions," payment of "adequate remuneration," and all these—that it will be well nigh impossible to oblige the patent holder to work the patent in the country. Thus, we will remain perpetually dependent on the import of patented drugs. The much-touted argument that consumers can switch over from the more expensive on-patent drugs to less expensive off-patent drugs is misplaced. There is no consumers' sovereignty in the market of life-saving drugs. The patient goes by the doctor's prescription and the doctor prescribes under the influence, both direct and indirect, of the sales drive of the drug companies. Thus the consumers in India must brace for paying 3-4 times more, and in many cases, even high prices, for this category of drugs.

The new IPR regime will have a debilitating effect on our technological development which is a critical factor for economic growth. All scientific and technological activities based on process patenting will have to be wound up in 5-10 years. An important source of obtaining technology, i.e., by the compulsory working of patents, will no longer be available.

It is claimed that the provisions in the Dunkel Text on agriculture will give a great fillip to our agricultural exports. This claim is highly exaggerated because our agricultural exports depend on a variety of factors many of which have nothing to do with the Dunkel Text. In the exports of high-value agricultural products, such as fruits, vegetables, plants and flowers, the price factor is not all that important. The two factors that are important are micro-management, and availability of adequate infrastructural facilities. We have to have much improved transportation system, refrigeration facilities, we have to maintain quality, ensure timely delivery and apply very high sanitary and phyto-sanitary standards laid down in the Dunkel Text. All this is not going to be an easy task. Besides, it should be remembered that the reduction in the barriers to trade in agriculture is not going to exceed 30 per cent on an average. It is doubtful if a 30 per cent increase in prices will be enough for us to break into the international market. Besides, this is going to be available to our competitors also who are all lower cost producers of agricultural products.

Finally, we should not dismiss the far-reaching consequences of our accepting the obligation of importing a minimum of 3.3 per cent of our total consumption of agricultural product. This is bound to affect the entire pattern of our agricultural economy—our food security, our agricultural price system, our crop pattern, our subsidisation system, etc. The fact that we are not

obliged to provide minimum access now because we are applying import restrictions on balance-of-payments ground is not much of a comfort. As already stated, we should think of the regime that is being put in place and not the temporary relief we can get. Besides, we have today accumulated a reserve of about \$8 billions. It is now open to the IMF to certify any day that India is no longer facing balance-of-payment difficulty and the new regime should apply to it. How long shall we be allowed to go on invoking the GATT balance-of-payment clause? We should not forget that negotiators from the developed countries have always said that this clause provides free-ride for the developing countries and that one of their objectives is to eliminate the free-riding privilege.

IMA Recommends Joint Rejection of Dunkel

94AS0124B Madras *THE HINDU* in English
29 Dec 93 p 10

[Text] Kozhikode, Dec. 28—The 69th all-India conference of the Indian Medical Association (IMA) began here on Tuesday calling for a ban on new medical colleges, reiterating the demand for immunity for doctors from the Consumer Protection Act and appealing to doctors of Third World countries to jointly oppose the Dunkel proposals.

In his inaugural address, Dr. A.K.N. Sinha, president, Medical Council of India, called upon doctors to get ready to face "a storm which was closing in on them in the form of the Consumer Protection Act." Opposition to the Act was voiced throughout the conference which started its scientific sessions on December 25. Dr. Sinha described the Act as "anti-people and reactionary," as it would force doctors to resort to "defensive medicine." It would create a U.S.-type situation with lawyers biding their chance to sue doctors for compensation for alleged medical neglect.

He also called upon doctors to oppose new medical colleges as the doctor-population ratio was already well above the required level and addition of more medical practitioners was undesirable.

Dr. Sinha also said neither sufficient manpower nor material was available for setting up more medical colleges. In this context, he said that if the Medical Council of India were to enforce the norms for medical colleges, 90 per cent of the existing colleges, including those run by the Government, would lose their recognition. "The Council was not withdrawing recognition granted to these colleges only because it would harm the interests of the students," he said.

Cheaper drugs demanded: Dr. P.K. Choudhuri, representing the Tollygunge branch of the IMA, Calcutta, who was installed as the new national president of the IMA, expressed the same views and also highlighted the adverse effects Dunkel proposals would have on the Indian medical scene. Dr. Choudhuri said acceptance of the proposals would result in rise in prices of even life-saving drugs. Even the affluent in society would be affected. He urged the Government to orient policy to

provide cheaper drugs for common diseases. Quoting the prices of medicines in various countries, he pointed out that drugs were costly in countries which had adopted product patents of the type advocated under Dunkel proposals.

Dr. Choudhuri said that if the proposals were accepted the prices of drugs would go down in developed countries and go up in developing countries. He declared that the fight against the imposition of Dunkel proposals would be carried on with the help of doctors in Third World countries. The platform of the South Asian Medical Association (SAMA), which was formed at the initiative of the IMA and comprised, Third World doctors—would be used for this purpose.

Stressing the need for a ban on new medical colleges, he said that with about 10,000 doctors emerging from colleges every year, there was no dearth of trained medical personnel. Against the ideal of one doctor for a population of 3,500, going by the register of the Medical Council of India, the ratio was one doctor for a population of 2,000 resulting in unemployment among doctors.

He also expressed concern at the circular issued by the Maharashtra Government to allow qualified homoeopaths and ayurvedic physicians to practice modern medicine. It was also announced that the IMA had stalled, by moving the High Court, the decision of the West Bengal Government to allow diploma-holders in community medical service (a three-year-course which was stopped after training three batches) to prescribe modern medicine.

Dr. K.M. Moideenkutty, chairman, organising committee of the conference, welcomed. Dr. V.C. Velayudhan Pillai, the outgoing president, presided. A souvenir and a book, "Kumud Sankar Ray—the visionary," was released by the Mayor Mr. T.P. Dasan. Dr. George V. John, State president of the IMA, Dr. D.B. Bisht of the World Health Organisation (WHO), Dr. K. Mohan Kumar, secretary of the conference committee, and Mr. B.V. Abdulla Koya, MP, spoke.

Climate Said Inviting Significant Investments
94AS0122E Madras *INDIAN EXPRESS* in English
31 Dec 93 p 8

[Article by A. M. Khusro: "Direct Foreign Investment"]

[Text] Recent policy reforms in India have given substantial facilities and freedoms to foreign investors, including a 51 percent access to equity in Indian firms and management control, along with other concessions. But the demand for more and more concessions continues and the actual foreign investment flow, though larger, is well below the \$1 billion mark.

There are many factors which influence and attract foreign investment, such as security, profitability, lower tax rates, avoidance of double taxation, percentage of equity permitted, freedom to manage corporate enterprises, expectations about customs and excise duties and freedom to repatriate dividends and capital. But these

and many other factors do not have the same weight: some factors may have a weight of one percent in the investors' reckoning while others may have a 30 percent weight. This aspect is neglected by analysts and even by investors themselves. In the case of India, while many of these factors have moved in the direction of greater facilities and freedoms, what is compelling in investors' decision-making and should weigh much more than other factors in (a) the security aspect and (b) the profitability.

Analysts within India go by the feel for policy reform while foreign investors, not knowing the atmosphere too well, go by stark logic. Within the country, one knows that most of the new economic policies, if not all, are non-reversible. All political parties which have a chance of running the government in the foreseeable future are committed to policy reform, including liberalisation, deregulation and globalisation. In their election manifestos, all parties, except those on the extreme left, have favoured liberalisation and globalisation though, for political reasons, they may momentarily oppose this or that aspect of the new policies. The moment one abstracts from the temporary politics of economics, it becomes clear that the new policies cannot be reversed: no one is going to make the rupee non-convertible on trade account; only the market will change the external value of the rupee and the market has already signalled that the rupee is stable. The new trends of export growth—a 25 percent increase in dollar terms within six months—point out the strengthening of the rupee. And the foreign exchange reserves which increased from \$1 billion to \$8 billion—within two years—also run in the same direction. No one is going to bring Rs.2,000 crore in the budget to provide export subsidies once again. Industrial licensing took nearly 40 years to build and once demolished in the last two years, no one is going to replace the delicensed system with a licensed and, therefore, controlled system. Once people taste the freedoms of decontrol, they do not vote for controls so easily. No one is going to argue for higher import duties, high excise and high tax rates, nor would any government feel competent in the foreseeable future to nationalise the Indian public enterprises. Those who know the milieu, know that the future will not favour nationalisation but denationalisation and privatisation, not higher but lower direct taxes, not larger customs and excise duties but smaller ones. If foreign investors have been allowed a 51 percent access to Indian equity, this proportion can only increase in the future and not decrease. In other words, foreign investors can expect with certainty a greater liberalisation rather than its reversal and a move towards globalisation rather than an inward-looking shift.

As for security of foreign investment, it is known to all that India has never defaulted on repayment or repatriation of capital or on the payment of interest and dividend. Foreign financial institutions, including the World Bank, which have rated the countries of the world according to national purchasing power, have ranked India in the fifth or the sixth position, with all the changes that have recently been made and the policy

improvements that have been brought about. It is astonishing that international reckoners like MOODY, have not revised India's rating upwards, so much so that one suspects a degree of bias in these ratings. No wonder that investors are ignoring these ratings and are no longer sitting on the fence—with the result that each day that passes brings an announcement of one foreign company or another actually coming in with an investment thus capitalising on industrial approvals already given.

As for the expansionist market, it is clear that the market prospects in other countries, with the possible exception of China, are incomparably better in India and that should be the prime consideration for foreign investors. One of our distinguished analysts, a former Governor of the RBI, an illustrious civil servant and a former Ambassador to the United States, the late L.K. Jha, addressed the German industrialists at the Hanover fair in 1984 and gave them a peep into the future. India's GNP, Jha said, was \$175 billion in 1984 and, given its established rate of growth, would stand around \$230 billion, or more, in 1994 (at the 1984 value). It is known that about 10 percent of it is spent on durable consumer goods and, at that rate, about \$23 billion worth of durable consumer goods should be expected annually to be in demand in 1994 and beyond. German industrialists, Jha said, could plan to take advantage of this huge development and participate in meeting the increased demand either directly or through investment and technologies relevant to that demand. Nothing that Jha said has been controverted in these ten years and the scene, in fact, looks even better.

As for the security of the regime, which foreign investors and analysts sometimes talk about, it should be noted that people confuse the stability of a particular political party with the stability of the country. All changes of government—six or seven of them—since Independence, have been smooth and impressive. All the political parties are committed to reform except for momentary opposition, often to embarrass the government and not to actually press for a policy reversal. In any case, the recent elections in some northern states of the country would seem to confirm that even the party ruling at the Centre at present has no fear of being removed from power even though it would not matter for the stability of economic policies if it did yield to another political party.

All in all, the dominant factors for foreign investment—the expected direction of policy, the security, and the profitability in a rapidly expanding market—are the factors whose weight is far bigger than the sum total of other items of reckoning which influence foreign investment. And, as these are at a highly satisfactory level and are moving in the right direction, one can safely forecast that foreign investment will expand rapidly hereafter.

GATT Said to Ensure Dominance of Industrialized Countries

94AS0122F Madras *INDIAN EXPRESS* in English
1 Jan 94 p 8

[Text] The world rings in two certainties with the new year: capitalism and free markets are in; and the new

GATT regime, going by what the advanced capitalist nations say, has firmed up free trade. The industrialised countries have no use for a world order that enables poorer nations to catch up with them. It is sufficient if the poor countries open up their markets to the industrialised countries. The rich countries of course need a decade to fully open up their markets to the rest of the world. Knowledge is now a commercial property without obligations to any one, and with the power to exercise the property right to restrict exports by the leaseholder. No chances can be taken with the Asian nations: one Japan has been lesson enough for Europe and America. Never has the international division of labour been more blatantly loaded in favour of the dominant. Even agriculture has not been spared. There are no compulsions to pull the punches in a unipolar world. The year that has been rung out has yielded to the entrenchment of the world by the advanced capitalist countries.

For India, the new year rings in two jarring certainties. It must push up exports to tackle the external debt crisis, but exports of manufactures will depend on how rapidly multinationals relocate their production in this country. This dependence stems from the absolute control over technology conferred by the new GATT on multinationals. The domestic private sector will also have to play second fiddle because its access to cheap international capital is nowhere near that available to the multinationals. It may seem that the public sector enterprises are, by virtue of their size, better-placed to enter into strategic alliances; however, in a world in which there are only two or three players in major industries, as in telecommunications or in heavy power equipment, strategic alliances will have to yield the dominant say to multinationals. Certainly one then is that globalisation will see the retreat of domestic initiative. Certainty two is that foreign investment will have to be accepted on terms dictated by the multinationals. The country will have to lump the terms, however outrageous (*INDIAN EXPRESS* report in the issue of December 31 on the conditions, including a 10-year tax holiday, set out by US West for its \$351 million telecom project in India is but a straw in the wind).

The allotted role in the international order requires grant of fiscal giveaways, led by a drastic reduction in import duties. After providing for burgeoning public debt servicing, the fisc will have little left for investment in neglected infrastructure and for social sector spending. Failure to satisfactorily resolve the competing claims will mean low growth, inflation and high interest rates. Beginning with 1994, the travails of structural adjustment will become tragically visible.

Former Finance Minister Decries GATT

94P50087A Madras *INDIAN EXPRESS* in English
3 Jan 94 p 8

[Commentary by Madhu Dandavate: "Developing Nations' Lot: Disquieting Outcome of GATT Negotiations"]

[Text] The GATT negotiations have clearly brought out two significant features—first, the intimidating power of the developing countries, particularly the United States, and second, the vulnerability of the developing nations to the pressures of the developed countries in their anxiety not to face isolation in the global economy. Looking out the outcome of the GATT negotiations, what is most discernible is the colossal failure of India in initiating united and sustained efforts by all the developing countries, to protect their common interests in the face of onslaught by the giants.

The GATT approach regarding agriculture is most discriminatory. It would limit subsidies only to the upper layer of 10 per cent of the value of the agricultural output for the developing countries. This would rob the poor farmers of subsidy because with increasing cost of energy and other outputs, the sectorwise subsidy may exceed this limit.

The Dunkel proposal prescribes that the developing countries like India must import agricultural commodities to the extent of two per cent of domestic consumption in the first year of the GATT agreement to be stepped up to 3.33 per cent at the end of six years. The proposed relaxation of this condition about imports in the case of economies facing balance of payments crisis is not of much avail to India since our Finance Ministry's perception of BOP [balance of payments] crisis is that it is already overcome.

Another disturbing aspect is that insistence on procurement and sale of food-grains at market prices will imperil the very existence of the public distribution system despite the assurance that it will not be disrupted. There is a lot of ambiguity about the freedom of the farmers to multiply, exchange and sell the seeds. The assurance secured from GATT, even on the basis of the version of the Union Cabinet Minister, seems to be only in regard to multiplication and exchange of seeds and not in regard to their commercial sale. The interests of the agriculturalists demand that while handling the problem of application of the intellectual property rights to agriculture, the traditional rights of Indian farmers for preservation, free exchange and sale of seeds must remain inviolate.

The acceptance of the Dunkel proposal to change the process-oriented law, as for instance the Indian Patents Act (1970), to the product-oriented law will be very harmful. For instance, in drug industry which is subject to product patent law, the product patent holders will use their monopoly to effect sharp rise in the prices of drugs.

The Union Commerce Minister's contention that 80 per cent of the medicines were outside the ambit of the patent law does not make the exorbitant rise in prices of the rest of the drugs in any way less irksome. Merely by imposing the proposed selective licensing and control quite rigid in nature, the spiralling of prices of drugs cannot be checked. There is every danger that India's growing indigenous drug industry may be swarmed by foreign multinationals. Under the new patent regime

suggested by GATT, the interests of product patent holders will get precedence over public interest.

The present 1970 Patents Act based on patenting the process and not the product needs to be protected. The extension of the patent law to 20 years will adversely affect the research and development activities. It is also essential that micro-organism and biological process should be kept out of the purview of the patent law. On the insistence of the US, GATT has provided for phasing out of the multi-fibre arrangement (MFA) that governs exports of textiles over a 10-year period in place of a longer period of 15 years suggested earlier. However, this so called concession of reducing the time frame by five years has been offered only after securing an assurance from India to cut down import duties on synthetic textiles, thus providing the US entry into India's domestic market. This is bound to affect the market for the goods of the indigenous textile industry in India. The agreement on textiles is likely to adversely affect India because the transition period of ten years before the eventual opening up of the textile trade is substantially large and again the opening up was back-loaded, that is, the actual opening taking place only at the end of the ten-year period of transition. One cannot ignore the fact that formation of regional groupings like NAFTA [North American Free Trade Association] will result in the abolition of tariff barriers for member countries while maintaining for other countries in the GATT system the quota and the tariff regime. This is most harmful to India's textile trade.

The TRIMS [Trade Related Investment Measures] in the Dunkel proposal restrict power of the Government to regulate and control foreign investment. The provisions of the Dunkel draft accepted by GATT give a privileged position to foreign investors as compared to our own investors. While the foreign investors will operate with backing of their respective governments and will have the benefit of low interest rates, they will have no obligation either to abide by the indigenous content regulations or to make compulsory exports. The proposal for setting up of an Monetary trade organization (MTO) with the integrated dispute settlement mechanism would also allow cross-retaliation between the three areas of intellectual property-rights, goods, and services.

The dispute settlement mechanism as provided in MTO is heavily weighed against the developing countries like India. They can easily be subjected to cross-retaliation whereas they have no means to retaliate against the developed countries. We should therefore not be surprised if the unilateral use of the instrument of the special and Super 301 by the US is replaced by similar coercive retaliation by the multilateral instrument under MTO.

The agreement finalised by GATT is a sad reminder of how 'Might is Right.' This can never be the motto of global bodies which aspire to build harmonious and congenial relations between various regions of the tension-ridden world on the basis of justice and equity. In the GATT document, one sees neither the liberal ethos

nor the far-sighted vision of Willy Brandt, who produced the monumental Brandt Commission report on International Development Issues.

Far-Reaching Implications of GATT Viewed

94AS0124F Bangalore DECCAN HERALD

(Supplement) in English 3 Jan 94 p III

[Article by Venkatachala G. Hegde: "Far-Reaching Implications"]

[Text] Extending intellectual property protection to agriculture and the possibility of introduction of patenting of seeds will have a far-reaching impact on the development of Indian agricultural sector and more particularly research concerning biotechnology.

Further, in an indirect way, it will also greatly affect the preservation of biodiversity in the context of developing countries. The issues concerning the patentability of an invention is embodied in the "Agreement on Trade-related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods," as Annexure III of GATT agreement.

Article 27 (1) of this agreement specifies "...ents shall be available for any inventions, whether products or processes, in all fields of technology." This rule is, however, subject to three very important requirements, such as (a) it should be new; (b) it should involve an inventive step, that is, it should not occur in the normal course of its evolution; and (c) it should be capable of industrial application.

The agreement does not define these requirements in any way. Accordingly, the assessments as to what factors should constitute these requirements are to be decided by the domestic legislation.

A new technological advancement in the arena of automobiles, for example, should fulfill these requirements so as to become patentable.

Newness or novelty, as it is called, is taken into account in the context of inventions made anywhere in the world. The efficacious search for novelty depends on the efficiency of a patent system in locating the latest additions of that technology.

There is, however, no defined rule as to how a search should be conducted. In other words, the factors which influence an "effective search for novelty" are very highly subjective and contextual.

Patent offices and the patent examiners play a crucial role in this regard.

The Indian Patent Act, 1970, for example, provides for these criteria of patentability in a substantive manner while enunciating "opposition proceedings to a patent specification."

Patent specification, it is said, describes the patentable invention in a best possible manner in such a way that a skilled worker in that particular area of technology should be able to understand it and work it.

This gives rise to the following questions: What could be considered as the best possible manner of description of an invention in a patent specification? And how exactly should one define the scope of these patentability criteria in the context of a developing country where technological advancement might have remained at an infant state? Moreover the subjectivity inherent in the procedural aspects and its application will surely create gaps in the legislative standards of developing countries on the one hand, and developed countries on the other.

The contents of Article 27(2) outline the contexts which provide for exclusion of patentability of inventions. These contexts relate "to protect public order or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment.

"The evaluation of these contexts call for an extensive subjective assessment of these legal norms within a country.

How to define situations which could cause serious prejudice to the environment? It is impossible to incorporate such probable situations in any domestic normative set up.

Which authority will conclusively decide the necessity for exclusion of certain sectors from patentability? On what grounds a nation's perceptions to preserve its public order, morality and environment could be questioned? The implications of this provision when put into practice is too uncertain.

Interestingly, there is no reference made in Article 27(2) to the issues concerning "national interest and security." On these grounds a country can always take measures which are appropriate; in this case, it may decide to exclude certain inventions from patentability.

Even though the agreement does not make any specific reference to these issues, a sovereign country can always invoke these as a golden rule. Even the GATT's Dispute Settlement Mechanism cannot overlook these factors on pure objective grounds. A perusal of the proposals submitted by a few developed countries, mainly the United States, Japan and European Community shows us that they sought exclusion of inventions from patentability on the grounds of "national security and public interest."

The most controversial provision with long-term implications on the patenting of life is embodied in Article 27(3). It allows the exclusion of two categories of subject matters from patentability, namely (a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals; and (b) plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and micro-biological processes.

A provision at the end of the paragraph, however, creates an exception by making it mandatory for the parties to "provide the protection of plant varieties either by patents or by any combination thereof."

It also provides for the revision of this provision after four years of its entry into force. Before examining the implications of this provision, it may be worthwhile to recount its ramifications as elaborated by many specialists in the recent times. The Ministry of Commerce holds the view that the provision does not impose any compulsion regarding patenting of seeds or other propagating material.

Sui generis protection, according to the Ministry, would imply a system which is different from other categories of intellectual property protection and is thus in a class by itself. In this regard, however, the Ministry of Commerce seeks to make a reference for guidance to outline the sui generis protection of plant varieties to the International Convention for the Protection of New Varieties of Plants, better known as the UPOV Convention.

Further, in its view, the rights granted by the UPOV Convention of 1978 extend only to production for commercial marketing of the propagating material, whereas in the case of patents, it extends to production per se. In other words, plant varieties protected by patents would not allow farmers to retain even a part of their produce for sowing in the following season.

Sui generis system envisaged by the UPOV Convention of 1978, on the other hand, allows the farmer to retain the seeds. A revised UPOV Convention of 1991 moves that system of plant variety protection closer to patent system by imposing restrictions on the right of the farmer to retain the propagating material even for use on his own holding. Another significant change in this Revised Convention relates to the extension of this right not to a few genera or species but to the whole plant kingdom.

The UPOV Convention of 1991 outlines the scope of the breeder's right in almost absolute terms. The authorisation of the breeder is required as per Article 14 (1) for (a) production or reproduction (multiplication); (b) conditioning for the purpose of propagation; (c) offering for sale; (4) selling or other marketing; (e) exporting; (f) importing; and (g) stocking for the above mentioned purposes.

In Article 14 (2) it is, however, made clear that "in respect of harvested material, including entire plants or parts of plants, obtained through the unauthorised use of propagating material of the protected variety shall require the authorisation of the breeder, unless the breeder has had reasonable opportunity to exercise his right in relation to the said propagating material."

There are three exceptions to the breeder's Rights: (a) acts done privately and for non-commercial purposes; (b) acts done for experimental purposes; and (c) acts done for the purpose of breeding other varieties. The effect of these provisions in conjunction with Dunkel Proposals could be stated in the following way. For example, if a farmer gets a seed in the initial stages, he cannot legally sell that produce to a co-farmer. Therefore, every year each farmer will have to buy seeds.

In order to overcome these difficulties in any system of protection following features should be incorporated: (a) free flow of genetic resources between public and private sectors; (b) compulsory release and certification of varieties even for public agencies to check spread of unadapted varieties; (c) companies to compensate the public sector for the use of genetic stock cultivated by them; and (d) the farmer's rights and breeder's rights not to be changed in any way.

The apprehensions as regards the operative styles of multinational seed companies in India should also be addressed and proper legal mechanism should be formulated to check their uncontrolled growth. It is necessary in the interest of hundreds of indigenously managed seed companies whose priority is to supply uncontaminated and viable seeds.

The system envisaged by the Dunkel proposal will inevitably force most of these companies to close down or be bought over by the big companies. The role of these small companies in collaboration with growing co-operative sector in the arena of farming and effective distribution of seeds should 'be considered in greater detail'.

In the area of gene sequences, Ministry of Commerce has stated that it would not allow the patenting of "naturally occurring genes." On the other hand, genetic material which has been evolved by human intervention would be allowed to get the protection of patents. However, the Ministry should construe strictly the operational part of this mechanism while differentiating naturally occurring genes from artificial year.

A condition should be strictly imposed by calling for payment in commercial terms for the uses of genetic resources extracted from the Indian territory. These resources constitute the source material for the development of biotechnology and other related fields.

In conclusion, it should be stated that with the completion of these negotiations the global trade will enter into a new phase which may not be in the interest of developing countries. Multilateralism, for majority of the developing countries, seems to be a better option than the "walk alone" into an unknown and unspecified future. Acceptance of Dunkel proposals, on the other hand, may also not offer any better solution. In fact, it is no choice at all.

Dunkel Draft: Jayalalitha Urges National Protection

94AS0124E Madras *THE HINDU* in English
3 Jan 94 p 1

[Text] Madras, Jan 2—The Chief Minister, Ms. Jayalalitha, today urged the Centre to seek safeguards against certain clauses in the Dunkel draft which might adversely affect the nation's economy.

In a statement, issued in her capacity also as the General Secretary of the AIADMK [All India Anna Dravida Munnetra Kazhagam], she said it would not be in the

interest of the country to reject *in toto* the Dunkel proposal. However, some clauses in the draft badly hit the export-import trade.

In particular, she referred to the patent clause which could push up the price of imported life-saving and also locally manufactured drugs. There would be the need for protection against any such price increase.

Also, the provision for higher royalties on process patents would affect agriculture and other sectors of the economy, leading to price rise. Steps should be taken to obtain necessary safeguards for products manufactured within the country, she said.

Ms. Jayalalitha pointed out that the prices of agricultural inputs, including fertilizers and hybrid seeds, might also go up as the agreement would compel the Centre to cut subsidies. Necessary remedial measures should be taken to continue the support extended to poor farmers, she said.

When the countries of the world came together to sign an agreement particularly in the context of the changing international economic scenario, it would not be in the interest of India to live in isolation. At the same time, the Centre should take the steps to protect the nation against the clauses which would adversely affect economic growth.

Farmers To Open Indigenous Seed Banks

94AS0122G Bangalore DECCAN HERALD in English
3 Jan 94 p 3

[Text] Bangalore, Jan 2—Prof M.D. Nanjundaswamy, Karnataka Rajya Raitha Sangha President, declared here on Saturday that farmers would set up seed banks in all States with a view to fighting proposed amendments to the Seeds Act by the Government in line with a GATT pact.

Prof Nanjundaswamy told reporters that a formal decision on setting up seed banks would be taken in a KRRS State executive committee meeting to be held at Davanagere on January 9. A seed bank would be opened at Kittur in Belgaum district on January 19.

With a view to evolving a parallel system to GATT and multinationals, the KRRS planned to set up seed banks which would help preserve seeds and also facilitate a free exchange of seeds between the States. Already two such centres, one in Karnataka and another in Himachal Pradesh—both called "Navdhany"—had started functioning, he said.

The country had been provided with one year time to sign the GATT pact. However, the Government behaved much as a stooge of the World Bank and the IMF by hurrying to amend the Seeds Act. There were reports that the Government was also attempting to discontinue subsidies in some States, against its much repeated assurance to protect them, he pointed out.

Tamil Nadu: Jayalalitha Stresses Dunkel's Importance

94P50082A Madras DINAMANI in Tamil 03 Jan 94 p 1

[Unattributed article: "Jayalalitha—We Should Not Completely Reject Dunkel"]

[Text] India's complete rejection of the internationally accepted GATT is not in the national interest, according to Jayalalitha, the Chief Minister of Tamil Nadu. She is also the general secretary of the ruling party, the AIADMK [All-India Anna Dravida Munnetra Kazhagam].

In a statement issued on behalf of AIADMK she has said:

"Declaring that India may not adopt the Dunkel proposal on international trade, will affect Indian economy and its export-import trade.

"Since certain clauses of these proposals are not favorable to Indian conditions, in my opinion, we should negotiate with the countries concerned, and work the differences out.

"We have been using foreign inventions, and production methods extensively in our industries. The new agreement regulates such use and will eventually necessitate paying more tariffs on such products. This may affect our agricultural and other sectors.

"We must study the ways in which we can alleviate any undue burdens this might cause us since we are producing these items, even if with foreign assistance. We must aim at keeping prices under control."

REQUEST TO DELHI: "Adopting these proposals has caused the central government to rescind several grants that it was previously giving. There is the likelihood of facing inflationary prices in fertilizers and genetically-improved seeds. The central government should devise ways to keep up the grants and make the new system work for the multitudes of indigent Indian farmers.

"In the area of pharmaceuticals, it is going to be mandated that a considerable sum of royalties be paid to foreign countries, if their inventions and discoveries resulted in the original manufacture. This is because of revised patent and copyright laws and review of intellectual property rights world-wide.

"Some life-saving drugs sell for very high price in foreign countries. We will have to sell them at comparable prices, should we import them. Thus either way drug prices are going to go up in India. The central government will have to come up with recommendations to control this situation.

"In a changing world economy, when all the countries cooperate to come up with a general agreement, it is not prudent for India to stay aloof, since it will affect our economy. At the same time, we have a responsibility to our citizens and absolutely have to study how to really adopt these rules to our indigenous conditions and requirements.

"We have to live in harmony with the world, and safeguard our special interest as well. I hope that the central government will take all the necessary steps to do the same."

Professor Analyzes Implications of Signing GATT
94AS0124C Madras *THE HINDU* in English
5 Jan 94 p 8

[Article by Kamal Nayan Kabra, professor in the Indian Institute of Public Administration: "GATT and India: The other Face"; first paragraph *THE HINDU* comment]

[Text] "The sacrifices imposed on India through the GATT are but a component of the reckless, fundamentalist drive to implement the structural adjustment programme."

Nations do not enter into treaties and agreements, multilaterally or bilaterally, on the basis simply of the calculus of gain or loss of so many rupees or dollars. Certainly, questions of national sovereignty, equality of participation in decision-making processes, status, impact on national psyche, signals emanating from the process and content of the negotiations, etc., are no less relevant. But much the more basic are the questions of national priorities, development policies, domestic power balance and the way we place and view ourselves in the comity of nations. These factors matter since the recent GATT agreement among 117 nations and the proposed setting up of a World Trade Organisation (WTO) are going to have a far-reaching impact on the emergent world order.

What kind of world order the GATT agreement would lead to? An indication of it may be had from the reported statement of the U.S. President claiming success through the GATT agreement for the continued leadership (read, hegemony) of the world economy for his country.

This seems to be no empty boast. The G.7 and the United States have asserted their one-up-manship at every step: the determination of the agenda, the process of negotiations, the Draft Final Act and the final Act. A quick reflection would make it clear that our sins of commission and omission have contributed to this outcome in no small measure.

Let us see how. The Third World countries have a majority in that GATT which works on the basis of 'one country one vote' and without veto power with any country. The agreement is hammered out through a protracted process of negotiations providing opportunities for detailed home work, marshalling of theoretical and empirical arguments, articulation of individual country and group interests, preparation of alternative scenarios based on different negotiating stances, with ample time for pre-and-post agreement contingency plans in order to be able to acquire the necessary strength to back up one's negotiating minimum and maximal positions mobilisation of both domestic and international public opinion and preparation of the country to

take up the gauntlet in case extra-economic or extra-trade pressures are being brought to bear on the negotiations process for tilting the scales against our interests. Since there have been slips up throughout this process, little wonder one throws up one's hands in despair at the end and bemoans or takes shelter behind the facade of no-availability of any option but to give in.

Since trade policy has significant linkages with all the real and financial sphere policies, our capacity to strike a good bargain would depend on our overall policy regime which spell out our options and the capacity to withstand pressures. If we are critically dependent on external finance, technology, supplies of essential commodities and have downplayed the role of internal articulation and mobilisation as the kingpins of our development, little wonder we make ourselves easy prey to arm-twisting. Thus invoking of the TINA (there is no alternative) is an acknowledgement of the extent to which autonomous national development linked with the forces of social justice has been neglected and bungled. Our negotiating positions are essentially a reflection of the relative weight of various domestic stakeholders, say, for instance, the relative balance between import and export dependent sections, and those whose economic fortunes depend but marginally on the factors and forces beyond our boundaries. The domestic political economy of our stand on GATT derives from a further differentiation among the divergent interests of our extant and potential partners in the external economic area, particularly those whose appetite for foreign exchange and the craze for the "phoren" have made export earnings such a great "national" cause that no price seems too high for these. And the price of treating exports as an overriding objective includes diversion of domestic supplies causing rampant malnutrition, larger allocation for export production with high import and capital intensity causing unemployment, unrequited income transfers in favour of our trading partners via worsening terms of trade and depreciating rupee, environmental degradation, and concentration of benefits from such trade in the hands of a few lakh exporters and importers. Judging further on the basis of official admission that in signing the GATT agreement we have made the best of a bad bargain, let us examine some of the implications of the acceptance of the final act.

The basic thrust of GATT agreement is to assure market access to goods by bringing down and/or eliminating tariffs, something which had been agreed upon by both the developed and the developing countries. It is claimed that this would spur a big spurt in world trade from which countries like India too would benefit. As a price for it the developing countries have given an undertaking not to raise the tariffs, in future also. In case of balance of payment difficulties, they have to use quantitative restrictions only.

It is too mechanical to believe that across the board lower tariffs and by all the 117 countries granting each other MFN status (reduced to some extent to a farce by the nations joining customs union and free trade areas

like the European Community and NAFTA) would really lead to a higher volume of world trade notwithstanding continued recession, and forecast of global slowdown. Similarly naive is the view that countries like India would be able to share in this presumed growth on account of tariffs lowered by everyone, and thus at least denying us any comparative price advantage. One has just to recall the results of our past devaluations as also the role of domestic factors like fluctuating farm output, slow industrial growth, growing import-intensity of our exports, foreign exchange and infrastructure constraints, super profitability of domestic sales, entry of MNCs in export goods with their penchant for selling in the host country, etc., to appreciate the amount of make-believe involved in such a reckoning.

But undertaking a commitment to lower tariffs and not to raise them in future has many other non-trade related grave implications. It restricts our domestic fiscal and investment policy options in so far as we cannot raise excise duties, particularly on traded goods, without disturbing the balance between make or buy option. If we did raise excise duties for various reasons like curbing inflation, reducing consumption inequities, discouraging consumption of non-merit goods, financing development, etc., beyond the point disrupting their parity with customs duties, it would amount to discrimination against domestic production. But by remaining within the range prescribed by the GATT-given customs duties, we cripple our fiscal and public investment policy. This is how the GATT gnaws away at our sovereignty and nationally determined path of development. It is on account of such ceilings on excise duties implicit in the GATT terms that our business classes are plumping for the GATT agreement.

Take another serious implication. With the opening of trade in farm products and with market pull of OECD countries' higher incomes for our exotic food, fruits, flowers and the lure of higher profits among our rich and big landlord farmers, our scarce land and other farm inputs would get allocated to crops other than those which are needed and can be afforded by millions of poor Indians. To assume that the foreign exchange thus earned could be allotted for importing essential foodgrains is an instance of stoneheadedness: the pull of highly skewed domestic income distribution rules out any meaningful possibility of this kind.

The policy predilections manifested in our overwilling acceptance of the GATT agreement have to be seen in the context of the use of the marginal external economic sector to set the tone, terms and tenor of the overall economic policy regime (a la internationalisation, marketisation, privatisation, etc.). Thus, the sacrifices imposed on us through the GATT are but a component of the heavy cost of the reckless, fundamentalist drive to implement the structural adjustment programme. Let it be remembered that these costs are grossly unjustly distributed among our domestic interests and have to be borne for long by our future generations as well. Two NRI economists commissioned by the Finance Ministry

to endorse and endear the liberalisation drive must be appreciated for their frank advice that GATT terms have to be accepted in order to further the cause of liberalisation or what they called, "economic reforms."

GATT's Effect Seen Mixed Bag

94AS0123A Madras *FRONTLINE* in English
14 Jan 94 pp 34-36

[Article by Thomas Abraham: "Scrambling for Markets"]

[Text] Seven years after its acrimonious beginning in the Uruguayan seaside resort of Punta del Este, the Uruguay Round of world trade negotiations finally came to a conclusion in Geneva with a ceremonial tap of the gavel by General Agreement on Tariffs and Trade (GATT) Director-General Peter Sutherland.

The 400-page document that has emerged is the most comprehensive, and easily the most controversial, that has ever been negotiated under the aegis of GATT. On the surface, the negotiations were about the seemingly simple issue of reducing barriers to international trade and stimulating global economic growth through greater trade. But in practice, they were about a frantic scramble for new markets by the world's leading economies. The United States, Europe and lately Japan, mired in their worst recession for a decade, needed a new round of tariff cuts and opening up of export markets to stimulate their economies. The Uruguay Round was the instrument through which this was to be achieved.

Throughout the session, the virtues of free trade and the all-round stimulus to growth that would result from trade liberalisation were stressed repeatedly. The rich and the poor, the developed and the developing, would all benefit from the liberalisation of world trade, everyone from the GATT Director-General down repeatedly insisted. Studies by organisations such as the World Bank and the Organisation for Economic Cooperation and Development (OECD) that showed a \$217-230 billion increase in global income as a result of the Uruguay Round were widely publicised.

But there was a big gap between the negotiating strategies of the big powers and their devotion to free trade. Both the United States and the European Community (E.C.) fought like alley cats for most of the seven-year period to preserve their own markets while opening up the other's. While the theory of comparative advantage was meant to provide the economic rationale for the benefits that would flow from trade liberalisation, in practice the behaviour of the United States and the E.C. was based more on mercantilist principles. Both sides did their best to keep their own markets closed in areas where they felt they were weak, while trying hard to open up the other's markets in areas where they felt they were strong. In other words, they were extremely keen on exporting more, but reluctant to import more.

The question of trade in agriculture, which bedevilled the negotiations until the very end, proved a case in point. The United States, which is a comparatively more

efficient agricultural producer than the E.C., was determined to open up the protected European market for agricultural products, and also ensure reductions in the E.C.'s subsidised farm exports. This would ensure U.S. farmers a greater market share in both the E.C. and in third countries where a cut in E.C. export subsidies would give U.S. products an advantage. The E.C., fearing that thousands of its farmers would be forced to leave the land, fought back. Eventually, the Europeans were forced to yield despite significant opposition from France.

However, the U.S. behaviour in the area of textiles was quite different. Here, under pressure from its powerful textile lobby, the United States did whatever it could to keep its market as protected as possible. India was one of the prominent victims of the tough U.S. line. The U.S. and the E.C. members had campaigned to preserve the Multi-Fibre Agreement (MFA) which sets quotas on developing country textile exports to these countries. The Uruguay Round agreement sets a 10-year transition period at the end of which the MFA is to be wound up and the trade in textiles freed from quota restrictions. The United States had threatened to try and extend the MFA phase-out period to 15 years, while India was trying to get the speed at which quota restrictions would be lifted quickened. Textiles form a quarter of India's manufactured exports, and perhaps the only tangible benefit from the round will be an eventual unfettered access to developed country markets for Indian textiles.

The showdown between India and the United States occurred on December 14, the day before the Uruguay Round was completed. The U.S. Trade Representative, Mickey Kantor, met the Indian Ambassador to GATT, B.K. Zutshi, and demanded that India open up its textile market to U.S. imports, failing which the United States would put in an amendment to the Uruguay Round draft slowing the speed at which Indian textiles would be able to enter the U.S. market.

This was a blatantly unfair demand which went against a basic GATT principle of not bargaining for concessions within the same sector. Thus, in return for opening up its markets to Indian textiles, the United States was justified in asking India to open up its markets in some other area, such as machine tools or electronics. But asking for concessions within the same sector is not done, since among other things it goes against the basic principle of trade based on comparative advantage.

To its credit, the Government of India stood firm. Pakistan was the only other country targeted by the United States, and both countries presented a united front to the United States and the E.C. in a night-long bargaining session that ended at 3 a.m. Both India and Pakistan refused to accept any slowing down of the speed at which MFA restrictions are lifted. The United States finally backed down, perhaps one of the few occasions in these negotiations when it did so.

As the negotiations came to a close, the developed countries made it clear they had got a worse deal than the

developing countries. In return for vast concessions in areas such as services and intellectual property, they felt they had not got enough in terms of access for their products into Western markets. But it was also clear that the U.S. juggernaut had been unstoppable, and that once the United States and the E.C. patched up their differences and acted together, there was little the rest of the world could do. The long-term impact of the Uruguay Round will take a long time to be felt and judged. Many of its provisions will only come into effect in five to 10 years' time and it is only then that one would really be able to tell what its effect on the global economy will be.

However, it is useful to have an understanding of the main provisions:

Reduction of industrial tariffs: Participants have agreed on an average cut of between 30 and 40 per cent in tariffs or the import duties they levy on goods. The world's main trading countries have also agreed to scrap import duties in a number of areas such as pharmaceuticals, construction equipment, furniture, beer, wood, paper and toys. Indian exporters of these products to the E.C. and the United States should benefit. India has offered a trade-weighted average cut of around 50 per cent on its tariffs on raw materials, intermediates and capital goods, but no changes in the area of consumer goods imports.

Services: The Uruguay Round has included services for the first time in GATT trade negotiations. It provides for the basic GATT principles of most-favoured-nation (MFN) treatment, though it also allows exceptions to this rule. Though the basic rules of trade in services have been set out, concrete market-opening negotiations have met with little success. Thus, in areas such as financial services, telecommunications, maritime services and the movement of personnel, negotiations will continue to determine the level of access to foreign markets. In other areas such as construction and tourism there has been a fair deal of progress. India is primarily interested in getting a good agreement on the movement of personnel, which will allow Indian professionals to travel freely to the developed world to provide services on a short-term basis. India has made offers in the area of construction and value-added telecommunications. An offer on financial services was withdrawn after the United States decided it was going to adopt a "two-tier approach" on financial services. The West was interested in getting access to the Indian insurance market, but this has not been granted.

Agriculture: This is a major area of controversy between the United States, the E.C. and several agriculture-exporting countries such as Australia and Argentina. The agreement is intended to reduce the level of subsidies the United States and the E.C. pay to their farmers and also cut back on subsidised food exports. The aim is to benefit more efficient agriculture producers, including several in the developing countries. Under the agreement, certain types of farm subsidies are to be reduced by 20 per cent over six years, while export subsidies are to be cut by 36 per cent over the same period. It also calls for the opening up of a minimum of 3 per cent of the

domestic market to imports. As for India, its level of subsidies is below the 10 per cent cut-off level. As far as the import commitment is concerned, the Government plans to take recourse to GATT provisions that allow countries with balance of payments problems to impose import restrictions. There were also potential problems in the text relating to Indian stockpiles of food for the public distribution system which have apparently been resolved.

Intellectual property: For India, this has been the most controversial aspect of the Uruguay Round. Intellectual property was bulldozed into it by the United States where there has been a large outcry about the "piracy of intellectual property." Until 1989, India refused to discuss the issue and then abruptly changed its stance. Under the current agreement, the Indian Patent Act of 1970 will have to be amended to introduce product patents for food, chemicals and pharmaceuticals. This will involve changes in the way certain sections of the Indian pharmaceutical industry operate. Under the current patent regime, Indian manufacturers have been free to produce drugs patented abroad by using a different process. This will change now, and a rise in the prices of certain drugs are predicted. It is, however, also useful to note that with this change, the Indian patent system reverts to its pre-1970 status, where products and processes were patented. The Uruguay Round agreement will also oblige India to provide intellectual property protection to new plant varieties and will make micro-organisms patentable, two areas which have justifiably aroused a great deal of passion. However, the rights of farmers and breeders to use and re-use patented seed material is not threatened, since governments too have the power to build in adequate safeguards.[sentence as printed]

Creation of a new trade organisation: A World Trade Organisation (WTO) has been created to replace the existing GATT Secretariat in Geneva and administer the Uruguay Round agreements. In many ways, this is more than 40 years overdue. When GATT was signed in 1947, it was intended that an International Trade Organisation (ITO) would be created. A charter was drawn up, but due to U.S. opposition it never got off the ground. The United States finally gave assent to the creation of a new organisation.

Stronger multilateral trade rules and better dispute settlement: One of the gains to countries like India from a stronger multilateral organisation could be that unilateral trade action by the United States and other giants of world trade will be curbed. While Section 301 will remain in the United States statute books, it cannot be used in areas which come under the Uruguay Round. Any dispute under the Uruguay Round agreements will have to go through the multilateral dispute settlement procedures.

Textiles: Textile and clothing exports into the developed countries are restricted by quotas set under the MFA. Textile exporters such as India have struggled to get the MFA restrictions removed as quickly as possible, but

have run into stiff opposition from the United States and European textile lobbies. The MFA will be wound up in 10 years' time from 1995. Its quotas will gradually be lifted over this period, but the lifting will be so gradual that its impact will only be felt at the end of the 10-year period.

GATT Seen Discriminatory Against Developing Countries

94AS0123B Madras FRONTLINE in English
14 Jan 94 pp 36-38

[Article by Sukumar Muralidharan: "GATT: Little to Cheer"]

[Text] Till not very long ago, it was possible to believe that the General Agreement on Tariffs and Trade (GATT) impinged little, if at all, on the lives of most people. But over a period of just seven years, GATT rapidly made the descent from the realm of arcane international diplomacy, to the domain of popular demonology. From being the preserve of the stodgy bureaucrat, GATT became in quick time, the demagogue's dream.

But the time for fantasies ran out on December 15. After blowing hot and cold for seven years, with the principals now engaging one another in negotiations, then breaking off in acrimony—117 nations acceded on that day to an omnibus agreement that will govern international trade into the foreseeable future. The final accord was pushed through merely because the major players of the world trade game—the United States, the European Union and Japan, principally—knew they could not afford the costs of failure.

India, as one of the developing countries which are sought in vain to establish a position in GATT, came out of it with little to celebrate. A very qualified victory came its way with the commitment by contracting parties to phase out quotas on textile exports within 10 years. India also managed to fight off a last-breath offensive by the European Union and the United States, to open up its markets in textiles to foreign manufacturers. That battle was won with a well-argued case and neatly-constructed logic—attributes that have over the current round of GATT talks won the Indian negotiators high marks. But the joint European Union-U.S. offensive was perhaps in the nature of a diversionary manoeuvre. Having beaten back this attack, India signed on the dotted line without demur—its concerns over the long-term consequences of the deal temporarily outweighed by relief over a short-term victory.

Within India, preparations for accession to GATT had proceeded inconspicuously, but with an unmistakable sense of purpose. Parliament was in session as the deadline approached. And this proved an unavoidable irritant for the Government. Though the Government is accorded the unfettered right to accede to any international treaty, it perhaps imagined that some concessions to parliamentary sentiment would be prudent.

As soon as Parliament got down to transacting business in the current session, a debate on the GATT talks was scheduled. Expectedly, Opposition members traversed ground that had already been well covered, holding forth on the dangers to the country's sovereignty implicit in the GATT treaty. And in an all-too-familiar litany, the Government responded with its own perceptions—affirming that on balance the Dunkel Draft Text of the GATT treaty promised a net gain to the country.

Following this, the report of the Standing Committee of Parliament attached to the Ministry of Commerce was tabled. In an exhaustive document which counselled extreme caution upon the Government in accepting certain of the Dunkel proposals, the sections that gained publicity were dictated by convenience. The Standing Committee had refrained, considering the constitutional position, from insisting on any kind of a parliamentary right to vet the GATT treaty before the Government took a decision on accession. The constitutional position in this regard is fairly clear—the conclusion of international treaties is an executive privilege. Parliament has the right of scrutiny, but no power of veto or sanction.

Secondly, the Standing Committee had observed that on balance India would be better served by remaining within the multilateral framework of rules that GATT imposed. In a package so elaborate, it was inevitable that there would be elements not quite to the liking of the country. But withdrawal from the GATT forum would make the country especially vulnerable to political arm-twisting. The U.S. proclivity to extract some political concession in return for granting a partner country the Most Favoured Nation (MFN) status in trade deals could take a heavy toll of the country's room for autonomous action. Remaining within GATT ensured at least that the MFN status was granted automatically, as matter of right.

If these were all that the Standing Committee had said, then the Government would have been on a safe wicket in authorising the Indian negotiators at GATT to appeal their signatures to the deal. But as soon as word had gone out that the Government had given its assent, Parliament broke out in a storm of outrage. In the ensuing babble, the one phrase that came through with some clarity was that the Government had "sold the country out."

Eager to limit the damage, Commerce Minister Pranab Mukherjee made an appearance in Parliament, stoically reading out a prepared statement through the din of Opposition voices. The Government had made certain commitments to Parliament and the people, he said. And these had all been met. There was no going back on any of the assurances that the Government had held out in relation to the GATT talks, he claimed. Though India's gains were not unequivocal, there was no gainsaying that on balance the country stood to improve its foreign trade on account of the new framework of GATT rules. A few concessions had been made in certain areas to ensure concord and cordiality in the multilateral trading

system. This was no more than the normal give-and-take of international negotiations.

The Minister's words failed to carry much conviction. The provisions of the Dunkel Text are far-reaching and wide. The areas in which the country has serious apprehensions—which yet remain undisputed—are many. To say that the country can afford to yield ground on issues like patents in return for major concessions in the area of agriculture, would seem to beg the question, as long as the gains in the latter sphere remain uncertain and unquantified.

The consensus on the Dunkel provisions on agriculture appears to be that it will not radically hurt Indian price-support operations. Member-nations of GATT are expected to make an estimate of the aggregate measure of support (AMS) given to agriculture—roughly speaking, the AMS would be equivalent to the subsidy component as a proportion of the total value of output. AMS to the extent of 10 per cent is permissible under GATT rules.

However, the developed market economies are bound by very different compulsions. They are committed under the GATT rules only to reducing their export subsidies by a certain figure—typically around 20 per cent. Concurrently, the quantum of subsidised exports is to be cut by 36 per cent. This still leaves the core of the issue of agricultural protectionism unresolved. And even if India should hope to gain a share in the world market for agricultural products, it should be disabused by the stringent sanitary and phyto-sanitary norms imposed under the new GATT deal.

Pretending that all is well does not help in evolving survival strategies to cope with the regime of draconian trade controls that the latest GATT treaty imposes. There is little gainsaying that the concerns expressed by various responsible commentators in the areas of patents in particular, are of sufficient moment to warrant serious consideration. And it is also a fact that GATT is a loose treaty, which provides ample room for fudging. Where the Government is involved in an elaborate pretence that all is well, there is little likelihood of this room for manoeuvre being exploited.

Witnesses before the Select Committee on the Dunkel Text had put forth a series of suggestions on how the Government could evade some of its most draconian provisions. For one thing, the patent regime envisaged seeks to reverse the burden of proof, putting on the defendant the onus of proving that he has not violated a patent. This reverses one of the fundamental tenets of Indian jurisprudence, which puts the burden of proof on the plaintiff rather than the defendant. Under the Dunkel Text, a product would be assumed to be made by a patented process, unless proven otherwise. This is the sense in which the "product by process patent" of the Dunkel Text marks a drastic shift from the concept of "process patent" which is a fundamental tenet of the Indian Patents Act.

Certain witnesses appearing before the Select Committee observed that if amendments to the Indian patents law

were to be made in line with this requirement, the result would be repugnant to notions of natural justice. Some of them suggested that suitable countervailing provisions be built into the Evidence Act to check possible abuses of the legal system using the reversal of the burden of proof. This would minimise abuses, and put the brakes on disruptive litigation.

Another requirement of the Dunkel Text, that importation of a product into a country be deemed equivalent to the working of a patent, has understandably created much disquiet. Under the Indian Patents Act the public authority is empowered to sanction the "compulsory licensing" of production in the case of patents that fail to be worked. The Dunkel Text renders the circumstances which warrant resort to the compulsory licensing provision so restrictive as to virtually do away with this as an element of public policy.

Concerns have been expressed that without the goad of compulsory licensing, patent-holders will capitalise on the monopolies that the law confers on them. And in matters of vital public interest, as for instance in the drugs and pharmaceuticals industry, the implications could be disastrous—unaffordable drugs for the mass of consumers, and immense private profiteering at the cost of the social good.

The solution put forward by various witnesses before the Select Committee was that the Monopolies Act should be strengthened to deal with such eventualities. This would introduce a major qualification to the unfettered right of importation enshrined by the Dunkel Text. And while seeming to accede to most provisions of the new treaty, India could build up sufficient safeguards through sections of the law that are not directly covered by the GATT discipline.

These are strategies of survival that could dilute the thrust of the GATT offensive. At a certain stage it is obvious the stratagems will be seen through. But GATT is a loose treaty which is observed more often in the breach. According to recent estimates, no more than half of the total world trade is covered by the provisions enshrined in GATT, and India's dependence on MFN trade is also of a similar magnitude. GATT provides a certain degree of latitude to most participant countries. Some like India have been using this latitude with great discretion. Others like the United States have been brazen in their resort to quantitative import restrictions and coercive trade diplomacy—all in violation of GATT norms.

The hyperbole about a new dawn for multilateral trade needs to be viewed against the actual context of the U.S. behaviour over the last two decades or so. When the United States began to lose its manufacturing edge, it was the first to impose voluntary export restraints (VERs) on competitors such as Japan. These restrictions came thick and fast, starting in sectors such as steel, and going on later to automobiles and semiconductors. As the largest market in the world, the United States was at liberty to frame its own rules. And where other countries

refused to play by these rules, it could resort to the kind of coercive diplomacy implicit in provisions such as Super 301 and Special 301 of its Trade Act.

The basic structural features of the world economy which contributed to the U.S. economic woes of the 1980s, remain unmitigated. To expect GATT to serve as a panacea is unrealistic, especially when the counterpart agreement on services trade remains an ambiguous entity. The Dunkel Text adds a significant number of new weapons to the U.S.' trade armoury. But the United States is likely to be obliged at some stage to step beyond the ambit of the Dunkel Text, to force its will upon recalcitrant trading partners.

Former Foreign Secretary Muchkund Dubey put it very well in the course of his deposition before the Select Committee. Asked about the future of multilateralism, he answered that the concept was always something of a myth. What is emerging in the current world scenario, he suggested, is "a hotchpotch of a highly qualified multilateralism, discriminatory regionalism, and arbitrary bilateralism."

Far from benefiting from this kind of a shrewd reading, the official Indian response seems so far to be mired in a variety of wishful thinking—as with the official prognostication that the gains to India from accession to GATT would be of the order of \$2 billion. That the figure is no more than a fantasy hatched by some fevered brain in the Government became apparent when Pranab Mukherjee proved unable to defend it at his first press conference since the GATT deal was signed.

Shortly afterwards, Mukherjee flew out to Brussels to initial a trade protocol, under which India stands to gain certain special concessions in the European market. Official spokesmen were initially very unclear about the advantages the agreement conferred on India. Some said, unconvincingly, that the protocol would give India MFN status, forgetting that accession to GATT conferred this status as a matter of routine. Others said the protocol would help India expand its trade with the European Union under the Generalised System of Preferences (GSP)—which is a special concession granted on a bilateral basis.

To mitigate the rigours of the new rules, India perhaps needs itself to take recourse to the kind of "discriminatory regionalism" and "arbitrary bilateralism" that fetched the United States rich dividends in the GATT talks. India has so far been at the receiving end. Its survival as a viable trading nation and economy will now depend upon whether it is able to give as well as it gets.

Signing of GATT Termed 'Recolonization'

94AS0123C Madras FRONTLINE in English
14 Jan 94 p 39

[Editorial: "Selling a Surrender"]

[Text] In the aftermath of the agreement arrived at by official negotiators of GATT member-countries in Geneva on December 15, 1993, an orchestrated effort is

being made to sell the GATT deal at the end of the tortuous Uruguay Round which commenced more than seven years ago at Punta del Este, as a victory for all participating countries. Here at home, the Union Government initially sought to dismiss opposition to the deal—not only from political parties, but from a wide cross-section of people including representatives of farmers, agricultural workers, industrial employees, public sector officers, and professional economists and analysts—as ill-informed and baseless. Subsequently, however, it has been forced to take a slightly different and at least somewhat defensive tack, conceding that the deal is not altogether in our favour, but arguing at the same time that this was the best we could do under the circumstances. The domestic votaries of globalisation within the framework of the existing world order have, of course, been far more vociferous in their support to the GATT deal.

The entire Uruguay Round of talks has seen a steady erosion of the positions of the Third World and an enormous strengthening of the hegemony of the big three—the United States, the European Union and Japan—over world trade. One by one, new areas—services, agriculture, domestic investment policies, intellectual property rights—have been brought into the agenda of multilateral negotiations, with the clear intent of eroding the sovereign space available to the weaker member-countries. In this context, the absurd argument of symmetry in the loss of sovereign space—that if India loses sovereignty in certain areas of economic policy on account of the deal, so do the United States, the European Union and others—needs to be nailed. Notwithstanding the new GATT discipline and dispute settlement procedures—which themselves are heavily biased in favour of developed countries—the strong countries retain and will no doubt use from time to time their bilateral/unilateral options.

Even leaving aside the extremely important issue of loss of sovereign decision-making space, what is the balance-sheet of gains and losses of India? Not a single improvement in terms by India could get through. While the U.S. attempt to delay the phasing out of the Multi Fibre Agreement (MFA) by another five years has not succeeded, there is little cheer for Indian textile exporters in the MFA phase-out calendar which opens up slowly to the extent of 49 per cent in the first nine years, and contains the somewhat incredible promise of the remaining opening up occurring in the tenth year.

The other area where substantial gains are being claimed is agriculture. The picture that is being painted of India's agricultural exports expanding by leaps and bounds on account of the reduction in agricultural subsidies in the countries of the European Union is vastly exaggerated for at least two reasons. First, the final reduction agreed upon in the bargaining between the United States and the European Union is hardly significant. Secondly, primary commodity exports have faced, for quite a long period now, declining terms of trade, and the situation is unlikely to change. Thus, even if exports were to increase in physical terms, their value increase would be quite limited.

Further, with the increasing industrialisation of agriculture, such modest gains as may be made in agricultural exports are likely to be far outweighed by the losses in the ground yielded in trade-related intellectual property rights (TRIPS).

What must additionally be noted as far as the implications of the Dunkel deal for India in the area of agriculture are concerned, is the provision of minimum market access. This provision requires us to allow agricultural imports to the extent, at the minimum, of a certain percentage of domestic consumption. This minimum is also slated to rise over time. The argument that India can escape this provision by improving the precarious balance of payments situation ignores the fact that the provisions permitting even a temporary restriction of imports on balance of payments grounds have now been considerably diluted, and that in any case the IMF will be the arbiter.

There are several areas in which the GATT deal is extremely unfavourable to India. The new IPR regime severely restricts access to new scientific and technological knowledge, and is thus in sharp contrast to the principles of "free trade" so sanctimoniously proclaimed by the West. It is a serious impediment to our scientific and technological advance. The introduction of product patent, the treatment of import as equivalent to working of the patent, the right to patent life forms, and the requirement of providing an effective, even if *sui generis*, system of protection to IPR in plant varieties—all these have strong negative implications for biotechnology and agricultural advance.

The new IPR regime will sharply erode the self-reliance of our drugs and pharmaceuticals sector and lead to increase in prices of various drugs. The argument that most drugs currently under use are not under patent ignores two important facts. A "low" overall proportion of drugs not under patent is consistent with the same proportion being much higher for specific groups, and this is indeed the case with respect to such important groups as anti-bacterial and anti-cancer drugs. Secondly, in the context of the current biotechnology revolution, a lot of new drugs will be emerging, and under the Dunkel text these will be patented. Further, the claim that, where necessary, the government can invoke provisions of compulsory licensing in the public interest, is very misleading, since the Dunkel Draft provisions on compulsory licensing are very weak.

Details apart, what needs to be unambiguously understood is that the new GATT treaty violates our sovereignty by seriously curtailing the power to decide policies not only in relation to foreign trade but in relation to such fundamental areas as agriculture, investment, and social welfare. Unfortunately, the Government has shown no willingness at all to put up even a decent fight, let alone try to evolve a serious negotiating stance independently and in conjunction with other developing countries. This is, of course, not surprising, given the present Government's abject surrender to the diktats of the IMF and the World Bank.

The bulldozing of the GATT deal symbolises the emerging world order of the 1990s. In the period immediately after

the Second World War, the imperial powers, save the United States, had suffered a steep decline in political and economic terms; a number of countries had embarked on the socialist path; and there was a wave of decolonisation. The new institutions, the IMF and the World Bank, were created, in the first instance, to stabilise the capitalist economic order in its citadels, GATT, while part of the same scheme of things, had to make some concessions to developing countries, in the context of the Cold War, and the presence of a group of socialist countries sympathetic to the Third World. For a brief while, in the 1970s, developing countries even made bold to assert themselves and demand a new international economic order. There has now been a sea-change, with the collapse of socialism in eastern Europe and the former USSR, and the triumphant centralisation and consolidation of international capital under U.S. hegemony. The new GATT deal is a milestone on the road to global recolonisation and a millstone around our necks.

There is still time. The treaty will not be signed until the ministerial meet in April 1994. The people of this country can still say 'no' to recolonisation. The inadmissible alternative is rule by transnational corporations and a mockery of people's sovereignty and parliamentary democracy.

Reaction to GATT Agreement Seen Negative

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14 Jan 94 pp 42-44

[Article by Parvathi Menon: "Anger and Despair"]

[Text] India's decision to sign the General Agreement on Tariffs and Trade [GATT] and the Government's subsequent efforts to defend the decision as one having been made in the country's best interests are viewed as a definite setback for economic and political self-reliance by a cross-section of people interviewed in Bangalore.

In Karnataka, the Dunkel Draft Text (DDT) was being debated and aggressively opposed even as awareness of this important issue was just beginning to grow in other parts of the country. As early as March 1992, nearly 700 scientists from the Indian Institute of Science, Bangalore, India's premier research institution, signed a letter addressed to the Prime Minister, expressing their opposition to the DDT which they felt would compromise India's self-reliance in science and technology.

The credit for highlighting the impact a Dunkel Draft-based agreement would have on Indian agriculture—from the question of seed/gene patenting and the rights of cultivators, to the likely effects of multinationals' entry into the crucial food sector—goes to the Karnataka Rajya Raitha Sangha (KRSS), a farmers' organisation led by M.D. Nanjundaswamy. KRSS members carried out a daring attack on the Bangalore office of Cargill India Ltd, a subsidiary of the U.S. multinational Cargill Inc., in January 1993, followed by another attack on the Cargill factory in Bellary. These may have drawn a great deal of media flak for their "adventurism," but these actions were primarily responsible for opening the Dunkel debate to the public and indeed forcing the Government—which till

then had chosen to conceal the import of the GATT negotiations—to come clean and explain its negotiating stance to a large and concerned constituency.

"It is a total surrender of the country's sovereignty by the Government of India at a time when the issue was under debate in Parliament, and also under examination by the Standing Committee on Agriculture headed by Nitish Kumar, which has not yet submitted its recommendations. The Government never bothered to refer the matter to the State legislatures though many subjects covered by the Dunkel Draft come under the State List, such as agriculture," says Nanjundaswamy, who dismisses the Government's claims of having gained concessions, particularly in the textile sector, as empty talk. "The so-called concessions are all at the level of oral assurances. There is nothing committed to in black and white—including in textiles," he says. He is equally dismissive of the Government's promises of protecting the farmers' right to retain seeds. "The accused must prove his innocence, under the reversal of the burden of proof. The farmer will have to prove that he has used his own seed, and not the patented seed."

The KRSS has filed a writ petition in the Karnataka High Court questioning the constitutional validity of the Union Government's action in signing the Draft Final Treaty of GATT which, it says, affects the basic federal structure of the Constitution and damages the citizens' fundamental rights. It has pleaded for a writ of mandamus to the Union Government directing it: 1. to get the consent of the State legislatures before signing the final treaty; 2. to hold a referendum before signing the final treaty; and 3. to make a comprehensive statement concerning the contents of the final treaty. It has also sought a similar writ of mandamus to be issued to the President to exercise his power under Article 143 of the Constitution (to refer the matter to the Supreme Court for its opinion).

Nanjundaswamy, who attended an anti-Dunkel meeting of representatives of farmers, ecologists and consumer groups in Geneva on December 4, says, "Our stand is that India should remain a member of GATT, but should have demanded drastic amendments in the agreement. India had the opportunity to build up a Third World lobby that would have given us stronger bargaining power."

This is a view shared by others. "My charge against the Government is that there was no attempt to take the lead in organising Third World countries to take a harder bargaining position," says H.D. Deve Gowda, Janata Dal MP and a member of the parliamentary committee headed by I.K. Gujral set up to examine the Dunkel Draft. "At one stage two years ago, the Government actually issued instructions to its negotiators in the talks not to mobilise the support of other countries. They can't mortgage our independence like this. After all, we are a nation of 90 crore people, and can't be bullied by Clinton."

Referring to an article by former Foreign Secretary Muchkund Dubey, S. Chatterji, a scientist at the Indian Institute of Astrophysics, Bangalore, says: "In his article Dubey makes clear how suggestions that India call a meeting of non-aligned countries to forge common ground

on the Dunkel issue was met with hostility from the Government. To me, the question of whether or not we should have signed it is hypothetical. We never tried to find an alternative. We could have stood firm on the question of intellectual property rights and could have got the support of countries like Argentina and Brazil. They cannot impose a so-called uniform multilateral trading order, when the global world order is not uniform."

There is widespread concern about GATT's adverse impact on different sectors of the economy—agriculture, textiles, services, and a large, uncharted area where intellectual property rights will unfairly restrict growth—but most persons admit to not being clear about the exact ramifications of the various clauses in the text. Most of the scientists whom FRONTLINE spoke to, for example, while careful not to overreact on an issue which they all claimed they did not know enough about, expressed their reservations about the scope of the agreement, particularly its implications for the future of Indian science and technology. D. Balasubramaniam, Director of the Centre for Cellular and Molecular Biology, Hyderabad, drew attention to the lack of "public documentation" and the Government's failure to ascertain public opinion on such an important issue. But his main concern is about India's self-reliance in the field of science and technology. "Are we closing our gates to ourselves?" This is really what is worrying me. Any nation for its well-being must be self-reliant. This doesn't mean that it must be self-sufficient in everything, although self-sufficiency is a good goal for important areas, like food. People seem to forget that technology moves fast, it leaps across boundaries. To restrict technological growth is to impose an economic burden on an otherwise radiating field. We in India are concerned about health care, the use of genes, particularly gene therapy. Patents can restrict our access to technology. Any nation's long term goal in scientific research is that it will lead to a greater amount of awareness and prosperity. In an economic crisis, 'luxuries' such as science, education and health are hit first. Under GATT it may become easier and/or more cost effective to import products from outside. But this will certainly lead to the scientific and technological aspects of Indian economic development taking a back seat."

The problem is not merely the use of patents as an instrument of unfair leverage. The prohibitive costs of international patents will also deter even those individuals/research establishments that may wish to get into the business of patenting, according to H. Sharad Chandra, Professor, Department of Molecular and Cell Biology, Indian Institute of Science. "Knowledge of patents in India is woefully lacking," he observed. "It has never really been a part of our culture—remember the great Mughal artists who would not even sign their creations. An American patent costs around Rs. 20 lakh—out of the question for the ordinary scientist. And one in a hundred patents may be accepted. Take the Indian Institute of Science. We as an institution may not be able to spend on more than two such patents a year. With this reality staring us in the face, if the Government wants us to get more competitive, it must provide professional investment/patent advice. My

feeling is that, in the short run, the GATT agreement will make the rich richer and the poor poorer."

With the monopoly status a patent confers on its holder, plus the opening up of markets, we will be "moving backwards," according to A.V. Rama Rao, Director, Indian Institute of Chemical Technology, Hyderabad. "Once you open up, the Government has no control. Multinationals have huge marketing capabilities. All right, we have signed because all nations have done so. But the Government must consider what safeguards it can give local producers. We have both manpower and technical capabilities."

It is in the area of health that the new intellectual property regime will perhaps make the most palpable impact. Drug prices are predicted to rise steeply. "Yesterday was the saddest day in my life," Dr. Y.K. Hameid, managing director of Cipla, an Indian owned pharmaceutical company, told FRONTLINE. "By accepting the TRIPS part of the Dunkel Draft, we have compromised on two crucial areas of the country's well-being—food and health. What we have done is to put ourselves at the mercy of multinationals. The impact on drug prices will be felt in the next five to 10 years. Ultimately our companies will be forced to sell out." Cipla is the fourth largest pharmaceutical company in India, with an expected turnover of Rs. 250 crore in 1994. It exports bulk drugs and formulations to Europe, America and other countries.

"Articles 27 and 28 of the Dunkel Text will allow the patent holder both to produce and import. MNCs prefer to import rather than produce locally, and they do not allow their local units to export to overseas markets. What guarantees have we obtained against such practices?" asks B.K. Chandrashekhkar, Professor, Indian Institute of Management, Bangalore, and co-editor of the book, *The Dunkel Draft: Design for Disaster* (Navakarnataka Publications, Bangalore).

The contradictory statements made by the Government and its attempt to obfuscate an already confusing document, which, as Balasubramaniam says, "binds our national endeavours not in terms of global trade but in terms of global restrictions," has been criticised sharply. Chandrashekhkar says: "First Pranab Mukherjee says farmers' interests will be protected. The next minute he says farmers must pay a one-time royalty for seeds. It is not clear whether exchange of seeds will be a part of the *sui generis* form of protection for seeds as required by GATT. And what are the actual provisions in the *sui generis* system that will be offered as an alternative to patents?"

But, despite the pessimism the GATT agreement has generated, there is the stated confidence that a nation of India's size and capabilities cannot be browbeaten. As one commentator observed, "After all, the GATT agreement is not the Indian Constitution, and if its implementability becomes a serious problem, there will be a demand for changes in the agreement by political and economic forces in the country."

Indian Farmers Seen Ready to Benefit From GATT*94AS0111B Calcutta THE TELEGRAPH in English
15 Dec 93 p 11*

[Article by Ujjwal Chowdhury: "Farmers Trading Places"]

[Text] It will come as a surprise to many to hear a sizeable group of Indian farmers not only applaud economic liberalisation but even have fond thoughts regarding the Dunkel draft. On October 31 this year at Aurangabad, Indian peasant leaders from six states under the leadership of Mr Sharad Joshi, of Shetkari Sangathana fame, took a major step towards putting together a united farm lobby in favour of economic liberalisation. A national level Kisan Coordination Committee was formed to pool the resources of farmers who support all out liberalisation, the General Agreement on Tariffs and Trade and the Dunkel proposals.

An earlier attempt to form such a union fell apart after farmer leaders fell out with each other during the Delhi Boat Club rally in October last year. Against this backdrop the birth of a revamped KCC assumes added significance. The new committee includes Mr Bipin Bhai Desai of Gujarat, Mr Sharad Joshi and Mr Pasha Patel, both of the Shetkari Sangathana, Mr S.P. Sharkara Reddy, president of the Andhra Ryotu Sangam, Mr Bhupinder Singh Mann, member of parliament and Mr Harpal Singh, president of the Bharatiya Kisan Union (Harpal faction) of Uttar Pradesh, and a couple of other leaders on its executive council.

The KCC has delineated a platform that positions itself carefully in the present ideological debate within India's farming community. It has endorsed the resolutions adopted at the fifth convention of the Shetkari Sangathana in October. It also drew up a list of demands and planned a programme of agitations. Provided the KCC mobilises even one million of farmers in this country, 1994 will witness a gruelling contest for peasant leadership. The KCC will represent one point of view. It will be battling it out with Mr Mahendra Singh Tikait, Mr R. Nanjundswamy, president of the Karnataka Raja Ryota Sangha, and other leftist leaders.

Though opposition to the Dunkel draft and attacks on multinationals like Cargill by some farmers have received wide publicity, the KCC represents widespread antagonism among farmers to the statist Nehruvian model under which they have suffered for 45 years. A major source of disgruntlement is the belief they have for years been forced to sell their crops at below market rates under this model.

Echoing the stand the Shetkari Sangathana, the KCC's main grievance is that the government has done little about lifting restrictions in agriculture other than to produce considerable rhetoric. Mr Mann and Mr Desai are particularly harsh about the fact that monopoly

purchasing systems, zonal restrictions, barriers to the self-processing of agricultural produce and export restrictions will remain.

They point to the government's accepting of "dumped" products from abroad. They complain that three million tonnes of wheat was imported last year from North America and Australia to fill up the public distribution system when farmers from Punjab boycotted government purchasing. Farmer representatives contend the government was refusing to pay them Rs 300 per quintal while it paid over Rs 525 for the imported wheat.

The KCC argue the Indian farmer is internationally competitive. Under the Dunkel draft proposals, they argue, there will be a curbing of subsidies for European and United States farmers. Coupled with the lifting of the Indian government's restrictions this will allow the more cheaply produced vegetables, fruits and even grains of India to capture markets the world over.

It also believes that in a totally open global agrarian economy Indian farmers and other primary producers who have the benefits of relatively low cost methods of production can outsell the "modern" farmers of Europe and North America. The latter they argue have become slaves to an agricultural system of government subsidies and energy intensive chemicals and industrial inputs.

The KCC has endorsed the "fourfold" agricultural policy envisaged by the Shetkari Sangathana. The key elements to this manifesto include agricultural exports, the establishment of shops to build direct links with consumers of agricultural produce, the direct home processing of such produce, and experimental agriculture which seeks to minimise the costs of chemical fertilisers and other inputs.

Pro-Dunkel farmers groups are organisationally far weaker than those standing for *swadeshi* and restrictions on multinationals. Except for Maharashtra and Punjab, they do not have a significant presence in most states, irrespective of the claims of the leaders. However if the KCC sticks to some popular demands—like raising the government's procurement prices—their support base may expand in the long run.

The KCC also voices the popular view that in the name of ending subsidies, the rates for electricity, water and so on were being unreasonably increased. But there was no effort to improve these services. It suggests that administrative expenditure should be slashed through the introduction of a fixed tenure system, stopping all further recruitments and freezing the scales of salaries and allowances.

The KCC in principle also supports the abolition of subsidies and the provision of only commercial loans by banks for farmers. For obvious reasons however the organisation is not pushing these points of view too loudly when it speaks to ordinary farmers.

The KCC main challenge will be to ably answer the criticisms of the Dunkel proposals and liberalisation put forth by other farmers' leaders. Mr Nanjundswamy, for

example, argues that the proposed Dunkel patenting of agricultural products and processes will deprive third world research and development and poses ethical questions regarding the ownership of biodiversity.

After making the Indian peasantry dependent on subsidies, quotas, chemical fertilisers and high yielding seeds promoted by the West, the sudden withdrawal of all these under liberalisation may cripple the Indian farmer rather than teach him to stand on his own. This is something else the KCC needs to give some thought to.

The leftist farmer groups are critical of the KCC's opposition to radical land redistribution and the strong support it receives from the rich farmer class. The KCC needs to respond to these questions before Indian farmers will lend their full support to Dunkel.

Dunkel Draft Seen 'Economic Suicide' for Nation
94AS0111C Calcutta THE TELEGRAPH in English
15 Dec 93 p 10

[Article by Ashok Mitra: "Capitulation and Decapitation"]

[Text] The rebuff to the Bharatiya Janata Party apart, on at least one other matter the verdict of Aryavarta is not encumbered by ifs and buts. For the first time, a proposed international treaty was made an electoral issue in this country.

The nation's largest political party, now ruling at the Centre, had chosen to defend before the electorate its decision to accept the Dunkel draft. The implementation of the General Agreement on Tariffs and Trade proposals, its election manifesto sought to say, would be a great boon to the Indian peasantry. The government should cherish no illusions: the Dunkel draft has not received Aryavarta's mandate, and particularly not the mandate of the Uttar Pradesh farm belt.

Perhaps that will not bother the government too much. Decisions on crucial economic questions have for some while ceased to be made on the basis of any objective assessment of the predilections and interests of citizens. Discussion in Parliament on the implications of the GATT document has been carefully avoided for as long as possible.

Negotiating an international agreement, the prime minister, Mr P.V. Narasimha Rao, has obliquely suggested, is the prerogative of the government. Were the final signed document to turn out not to the liking of the representatives of the people the latter could, he seems to imply, move a vote of no confidence against the government. It would now perhaps be claimed on behalf of the prime minister that just as the assembly elections were not a referendum on the performance of his government, they constituted no referendum on the Dunkel draft either.

The prime minister and his party would clearly be caught in a bit of a contradiction here. The backtracking would, however, be understandable. Politicians, at least those who are without ideology and have assumed politics to

be not dissimilar to any other random profession, have to survive in power, which compulsion necessitates occasional dissembling.

The issue will still not go away. The Dunkel draft is not like any other ordinary international treaty dealing with this or that aspect of external relations. It is going to interfere with India's internal economic processes.

Under the guise of ushering in an international trade regime untrammelled by tariffs and other restrictions, it would restructure production, distribution and pricing arrangements in country after country, including in this one. The government would be on extremely vulnerable grounds were it to suggest the effects of such restructuring on the people is no business of Parliament.

Provisions in the draft concerning the pharmaceutical or software industries, biodiversities, finance and communications aside, two matters stand out. The consequences for the country's public distribution system including the system of food and necessity subsidy, and the vulnerability of agriculture if farm products from overseas were allowed entry into the country.

The government, faithfully adherent to the notes furnished by the GATT secretariat, has sought to laugh away the possibility of any post-Dunkel upheaval affecting the existing public distribution arrangements. Its point of view is deceptively simple. Subsidy in the case of a foodgrain distributed by a government agency, the draft says, must not be more than 10 per cent of the prevailing market price of the grain.

In no year in the past decade, it seems, has the subsidy for publicly distributed wheat or rice exceeded this margin. What has not happened in the past is unlikely to happen in the future either, the government argues. The apprehensions of economists and Opposition politicians, it suggests, are altogether unfounded. The discretionary margin allowed by the draft agreement is sufficiently wide for the power to distribute subsidised food to the weaker sections of society to be left unimpaired.

But will it? No major crop failure has taken place in the country during the past decade. The demands placed on the public distribution system have naturally been modest and the gap between the market price and the price in ration and fair price shops for the main cereals has been relatively narrow.

However, if the rains fail in some years in the proximate future this will change. And this could well happen as the country has had good rains successively for five years. The resulting crop failure might then lead to a steep decline in market supplies. Foodgrain prices could skyrocket.

Going by what was experienced in the mid-Sixties, it is by no means certain that a price rise of 200 to 300 per cent would not take place in the event of a mere 20 per cent drop in output. The market price for the principal cereals could shoot up to as much as Rs 20 per kilogram—if not everywhere, at least in some parts of the country. Were the Dunkel proposals to become the law

of the land the government would in that eventuality be precluded from distributing rice or wheat at less than Rs 18 per kilogram.

Few of the nation's poor would be able to afford this price. In case the government were to announce, as part of famine relief operations, the free distribution of grain to distressed people, nothing would stop a free market zealot from requesting the GATT authorities that penal action be initiated against the Indian authorities for distributing farm products at a 100 per cent subsidy.

What is more, once the draft is signed, the government will have to allow the import of any and every agricultural commodity to the extent of 3.3 per cent of its domestic output. This is not as harmless as it sounds. Economic textbooks are full of examples of the violent price fluctuations of a farm product that could be brought about by a marginal increase or decrease in its supplies.

Once expectations are queered in a particular manner, and speculators and buyers are conditioned in their behaviour, even a marginal augmentation of supply is capable of bringing down prices by as much as 50 or 60 per cent, and thereby ruining the peasantry.

This clause inserted in the Dunkel proposals is not necessarily an innocent academic proviso. Some years ago, a group of strategists ensconced in the World Bank had floated a trial balloon. Global efficiency of production deserved to be maximised, including farm output. Agricultural productivity in the United States and Canada, as is common knowledge, is way ahead of productivity in other parts of the world, including of course Asia, Africa and Latin America. If the objective is—as it should be—to raise global resource use to its most feasible level, would it therefore not be sensible to concentrate all farm activity in the US and Canada alone?

The strategists ensconced inside the World Bank were not deterred by piffing little details. They did not care to spell out the alternative occupation or livelihood the poor peasantry in the inefficient countries could switch to if they surrendered their right to cultivate their land and became wholly dependent on imports.

Though the peasants of these poor lands would be without any occupation or income, it might nonetheless be insisted upon they pay for their imports at proper North American prices. It would be too bad if they failed to pay such prices. Imports would stop and they would be welcome to starve and die.

What is apocalypse to some is millenium to others. The Dunkel draft incorporates in itself the vision of a millenium thought up by the world's rich. Should the agriculture of a poor country collapse, the multinational monopolies could comfortably move in and do whatever they wanted with the country's food and agricultural policy.

It is a beautiful scheme. Once the signatures get appended to the Dunkel proposals, it would be binding

on the government. The latter has for months on end refused to face Parliament on the issue, and it would be furiously denied that the verdict in UP is in part an expression of the people's wrath at the endorsement of the GATT final draft. Cheered by Western governments and the multinational lobby, it would proceed to arrange the noose around the nation's neck, nor would it feel ashamed at being present at its own beheading.

GATT Seen Necessary for Continued Liberalization

94AS0111G Calcutta THE TELEGRAPH in English
16 Dec 93 p 6

[Editorial: "Take GATT"]

[Text] The version of the Dunkel draft that the European Union and the United States have agreed upon will for all practical purposes be the final treaty the director general of the General Agreement on Tariffs and Trade, Mr Peter Sutherland, will present to the rest of the world. International trade is a fearsomely technical subject. This may be why the P.V. Narasimha Rao government seems to have believed GATT could be quietly slipped through Parliament without fuss. Given the Dunkel draft touches on such emotive subjects as medicine, seeds and textiles this was a remarkable bit of wishful thinking on the part of South Block. The consequences of this attempt to avoid debate has been an intellectual vacuum now filled by emotional rhetoric and irrational fears. Much of the scaremongering about GATT by leftwing critics is wholly unfounded, particularly the claims regarding seed patents. Thanks to official silence about what GATT will really mean it is the bogeys that have come to dominate the popular vision of the Dunkel draft.

It is necessary India sign on the dotted line in Geneva next April. Among other things it is essential to the survival of economic liberalisation. Leftists who believe India should strike out on its own echo the hoary economic xenophobia that has given India over 40 years of splendid stagnation. Any international agreement impinges on a country's sovereignty. The question is what benefits will accrue to India from signing the GATT treaty. Because India is only marginally plugged into the world economy it will initially gain little and lose less because of GATT. However the world's largest trade treaty opens many doors. A nation with intelligence and perspicacity can benefit hugely. China alone is expected to reap some \$40 billion in exports over the next decade. There is no reason India cannot drink from the same trough. It needs only to put its own economic house in order and be less fearful of the outside world.

India's long isolation from the global economy has meant trade is still looked upon as something akin to colonialism. From Adam Smith onwards it has been shown that the exchange of goods and services between nations is a two way street, mutually beneficial. Victorian England and the US enhanced rather than diluted their national standing by being merchants to the world. Burma is the dingy example of a trade me not. What

makes GATT important to a nation still finding its export feet is that it provides regulations, ensures a modicum of fair play and allows for independent adjudication in case of disputes. Outside GATT is a wild and woolly realm of unilateral sanctions and embargos. The West holds all the cards in the latter scenario. China, for example, accepted a patent regime much stricter than that present in the Dunkel draft because it negotiated a bilateral agreement with the US. The two sides were so mismatched Beijing left with its "sovereignty" in a sling. India needs to comprehend globalisation is not a mantra that will change reality by mere repetition. It requires a commitment to meet the standards and norms of a world that has raced far ahead. Catching up requires hard work, not histrionics.

Rejection of GATT Would Be 'Noose Around Nation's Neck'

94AS0111H Calcutta THE TELEGRAPH in English
16 Dec 93 p 7

[Article by Pramit Pal Chaudhuri: "Draft Dodging Is Harmful"]

[Text] Listening to the present debate in India regarding the Dunkel draft is like reading the lyrics to "Lucy in the Sky with Diamonds." There is a distinctly unreal air about it. It is more than the sight of the world's economic superpowers battling it out in Geneva, oblivious to the Luddite squeakings of Mr George Fernandes and his ilk. It is the manner in which domestic critics of the Uruguay round of the General Agreement on Tariffs and Trade seem blind to two glaring fallacies in their arguments.

The first is the curious illusion India can afford to turn its nose up at GATT and thus world trade.

The second is the insistent wail that the Dunkel draft is grossly slanted against India. Accepting GATT is to sell the country's soul, seeds and sovereignty for a few boatloads of fabric. This is a farcical misconception that looks only to India's concessions and none of its gains.

GATT negotiations are about politics. As in all forms of international diplomacy there is a certain amount of give and take. If India is to judge whether GATT was a success it must ask how much it could have influenced events and then consider how much it accomplished. By this measure it can be said India, far from being sold a mickey, came out of it all reasonably well.

The thing to understand is just how much India needs GATT. India needs to trade. The days of Nehruvian isolationism are over. It cannot withdraw into a protectionist shell, consoling itself with the thought Bangladesh is worse off. In very crude terms India needs to trade because it needs foreign exchange. It needs dollars and pounds to pay off its mammoth foreign debts and because it imports most of the petroleum that fuels its economy.

Trade is also the best means to make an economy grow. As any number of boffins will tell you, nations like India that have been introverted about trade average three per

cent growth. Economies that have looked outward double, sometimes triple, that rate.

No better example exists than China. In its Maoist cocoon it seemed destined to be the biggest poorhouse in the world. As a Dengist butterfly it is slated to overtake the United States in 25 years. China is not a GATT member but that is not for want of trying. Beijing has incorporated most of Dunkel in its laws. Only a spat with the US keeps its membership pending.

India has no alternative to trade. But trade can be like Darwinian evolution, red in tooth and claw. An export-import free for all is a boxing arena where bantamweights battle it out with heavyweights. Obviously the former—in global trade this means the third world—will be soundly bloodied.

This is why GATT is important. For all its faults it is the closest thing to a set of Queensbury rules that world trade has. During the negotiations a developing nation that used wiliness to compensate for its lack of economic clout could save its skin and its markets. Outside GATT or in a world without Dunkel, India would have to fight multifront trade wars. Think of "Super 301," double its fangs and put it in the law book of every country in the world. Then talk of a neo-colonialist nightmare.

The question is whether India was wily enough in GATT. Keep in mind India is a trade pygmy, smaller than Singapore. It has no weight to throw around. The only other way to win friends and influence people in Geneva is to be part of a like minded bloc of nations. Hence the plethora of GATT clubs from the upstart Cairns Group to the bewhiskered European Union. Try to think of an economic grouping that includes India on its roster. New Delhi boasts of two. One is the Group of Fifteen dinosaur. The other is the South Asia Preferential Trade Agreement where India's influence is augmented by Bhutan's.

To put it in a cargo hold, India went to Geneva in a wheelchair and dealt with titans. They should have walked all over India. But they did not. Consider how the country fared in some areas it had a special interest.

The most controversial one, the source of many decibels from the Lok Sabha's leftist fringe, is patents. There is a completely specious claim GATT will mean every seen planted in India will mean paying the multinational. Only the selling of seeds on a commercial basis is restricted and even there India can fudge the laws. Incidentally the Indian Council of Agricultural Research expects to make a killing thanks to Dunkel by peddling its own hybrids around the world.

India had virtually met Dunkel's requirements long before. Of GATT's seven intellectual property right areas, Indian law was in consonance with six. The one area of difference was patents—on seeds and drugs. In drugs India has secured the enormous loophole of being allowed to produce any medicine in the "public interest." And hang who holds the patent.

India can say it was shortchanged over textiles. Textile exports are outside GATT, governed by a quota based Multifibre Agreement. Asian textile exporters have been clamouring for MFA to be scrapped and absorbed into GATT. The US and the EU [European Union], fearful their millions of textile workers will end up on the dole, have refused to accelerate MFA's 10 year phase out period.

But again to renounce GATT is foolish. Under Dunkel the MFA's death is guaranteed. If India refuses to sign GATT its textiles will face pre-GATT tariffs of 50 per cent or more. Other textile exporters will bask in the three per cent tariff average GATT promises by AD 2000.

India, and Asia in general, can also complain about the failure to tighten GATT's anti-dumping rules. The West has made an art of abusing such rules to tie up Asian exporters in lengthy litigation before GATT. Asia can gripe about the hefty two year safety margin the US and EU have awarded themselves against foreign financial institutions. Though given India's decrepit financial sector New Delhi is probably quite happy it can cite this precedent to give itself a buffer period.

India has gained elsewhere. A gem of an opportunity lies in GATT's agricultural clauses. Much ado has been made of the requirement all nations must cut subsidies to farmers and how this will pauperise the Indian farmer.

Here is the real story. One, India has to cut subsidies anyway if it hopes to reduce its deficit. Two, it is forgotten the most generous farm subsidies in the world are dished out by the West's governments. Partly because of these subsidies third world farmers have never been able to sell their produce to the West. Thanks to the Uruguay round the agricultural markets of Europe and North America have been pried open for Indian exports. Potentially this is a windfall of cyclonic proportions. It is why far seeing Indian farm leaders like Mr Sharad Joshi worship before the shrine of Dunkel.

There is and will be much about India hoodwinked, mugged and left to multinational rape. The record says otherwise. It is definite GATT will knock some companies off their perches, put people out of their jobs. Every country will suffer. Japan and South Korea are glumly expecting millions of their farmers to be turfed out. But they look at the \$250 billion it is conservatively estimated GATT will add to the world economy in its first year alone and figure it is worth it. Insulated India will suffer less social dislocation than them.

Even the US and the EU did not have their way in everything. The mighty US, card carrying member of two trade blocs and world leader in all export sectors, bowed to demands for "compulsory licensing" of drugs in the public interest. India banded together with Brussels to pull this coup off.

It is not necessarily true GATT was full of North browbeating South. When India asked for revisions in

the clauses in September it was a group of 38 third world brethren who scuttled the effort.

When Mr Pranab Mukherjee tells the Lok Sabha India has "no alternative" he is for once speaking like a boy scout. Without the Uruguay round the United Nations calculates the third world loses 20 per cent of its markets in seven years. Without Dunkel the rich nations would be unrestrainably greedy. They would simply kick the South into accepting the most disadvantageous terms possible. The GATT tribunals would not be able to serve as courts of appeal.

This would be as nothing if the world signed GATT and India refused. This would be putting a noose around the neck of the nation. Indian tea and jewellery would face tariffs 10 times those of the Sri Lankan tea or Thai jewellery. After a few years the words "made in India" would fade from international memory. Do not denounce GATT. Instead be thankful the Uruguay round has at last been squared.

Let Mr Manmohan Singh play the card of liberalisation well and in the next GATT round the world will await a trade agreement among China, Japan and India in the same manner it looked to Washington and Brussels this week.

GATT Seen Opening Markets for Developing Countries

94AS01111 Calcutta THE TELEGRAPH in English
17 Dec 93 p 11

[Article by Dipankar Bhattacharya: "Knocking at the Pearly GATT"]

[Text] It has taken seven years and quite a bit of high drama towards the end, but the Uruguay round of the Geneva Agreement on Tariffs and Trade has now a solution in sight. Probably not as general as Mr Peter Sutherland would have wished, the agreement nevertheless has brought the world remarkably close to becoming a single market.

Not all wrinkles have been ironed out. Entertainment still eludes a negotiated settlement. So do intellectual property rights. Resentment lingers over proposals to phase out subsidies on agriculture and civil aviation. Financial services have been grudgingly admitted into local markets. There is talk of a general agreement on trade in services to take up what the Uruguay Round has left unfinished.

Yet there can be no denying the current round's achievement. GATT proposes to slash tariffs by an average of one third and reduce non-tariff barriers—quotas, subsidies, taxes—with the ultimate goal of fuelling global economic expansion. By some estimates to the tune of at least \$200 billion annually by the year 2002.

The European Union, China and Japan are slated to be the biggest gainers. The rest of Asia, which gets the smallest piece of the enlarged world trade pie, is expected to net an additional \$10 billion annually by 2002. India,

whose exports in 1992-93 accounted for 0.4 per cent of global exports, too is hoping for a \$200 million gain annually.

Which is what the third world, having watched the Airbus-Boeing battles from the sidelines, can hope to extract out of a comprehensive agreement on multilateral trade. GATT offers the third world between 15 and 20 per cent of the increased world trade. Far more than it can expect by way of loans, aid and capital transfers.

But all of this is on paper. GATT has merely opened up the possibilities. Whether they are transformed into real gains is solely dependent on member nations. In the expanded world trade as the GATT envisages, there will be some winners and some losers. Apart from protection, members are left to their own to devise favourable trade balances.

While India may be insignificant in the trading world, trade is by no means insignificant for India. Its \$18.42 billion exports constituted 7.6 per cent of its gross domestic product in 1992-93, and its \$21.73 billion imports, 9 per cent of the GDP. However, an increase in the volume of trade by \$200 million annually does not mean much unless it goes towards improving India's trade balance.

So when Mr Pranab Mukherjee assures a baying Opposition that India's share of the increased action would be in the region of \$200 million, nothing is actually being said. There is no attempt to explain how India expects to climb out of its consistent trade deficit. Since 1950, the country has had trade surpluses in only two years. And trade models have very little to offer by way of optimism for Indian exports.

The GATT edifice is built around Ricardian comparative advantage. The "I make gin you make rum and we trade" principle. Comparative advantage would imply that India exports labour intensive goods and services to buy capital intensive imports. But while India has an overabundant labour supply there is very little evidence that it is cheap. Low productivity, a narrow skill base and government induced wage distortions makes Indian labour a costly proposition.

Since capital too is scarce, the Indian trade experience falls into that arcane extreme of theory—that of absolute advantage. India has an absolute disadvantage in labour, as well as capital intensive exports. Forty years of trade deficits bear this out. With absolute disadvantage, a country has little reason to trade.

But this is without taking technology into consideration. As a theory, factor intensive comparative advantage is constrained by a set of extremely restrictive assumptions. Benefit to trading partners accrues if technologies are assumed identical and static, there are no economies of scale and products and factors are undifferentiated.

The real world is not so rarefied. Expansions of Exxon and Mitsubishi contradict the economies of scale

assumption. And growth rates of the Asian tigers shows how futile it would be to ignore technology in a trade model.

Efforts have been made to incorporate technological dynamics into trade theory. The techno-economic models are based on the mushrooming of sunrise industries in the Pacific Rim. But Nehruvian isolation kept India blissfully unaware of last decade's information revolution. The share of new technology imports in India's total import bill is now around 64 per cent. This ratio is increasing. Only 19 per cent of Indian exports are in these areas, that too in the lower market segments such as software programming and computer peripherals.

With economic restructuring exports may have picked up, but India still has a long way to go before trade begins to propel growth of the economy. It is a reflection on the general ignorance about the country's trade prospects that Indian opposition to GATT centres around emotive clauses where we have in fact extracted considerable mileage, in seed and drug patenting, for instance.

Despite India's trade prospects, GATT offers more to India in terms of capital flows than it could expect through aid, loans or investment. As such, trade earnings are the least tied up source of foreign exchange. However, GATT imposes pressure on the reform process. Balance of payments considerations in a freer world trade regime are likely to hasten the government's move to free exchange and interest rates. And global competition will force the government's hand on the exit policy.

This is another area where the Opposition has failed to make hay. To other countries, GATT has revolved around jobs, jobs and jobs. But employment ramifications of freer trade seem to have been lost on the Indian politician. Admittedly, GATT phases out trade barriers over 10 years, but at the end of it there is going to be an immense global displacement of labour.

Fretrade is not only about free movement of products. Factors of production, labour and capital, must also be free to move across national borders. Through GATT, the North has, in a way, legalised the mobility of capital, but there is little in the Uruguay round's agreement to enhance labour mobility.

The United States, to a certain extent, introduced the issue of labour mobility by bringing services into GATT's ambit in 1986. But an ideal free trade agreement should make it as easy for a Filipino to work in a Pittsburg Steel plant as it would be for a London lawyer to offer his services to an Egyptian bank.

But the process is not easy. Labour is typically more encumbered than capital and labour mobility is not an issue for economists alone. Social, political, cultural and racial considerations have a large role to play in determining immigration levels. No infringement of these interests is likely to be tolerated for the sake of economic efficiency.

In this respect, GATT still has a long way to go. Till then, 85 per cent of the world's population will have to be content with 15 per cent of the gains from multinational trade agreements. For the third world to increase its bargaining power in subsequent trade negotiations, their markets will have to become indispensable to developed nations. To the extent that GATT has initiated the opening up of markets, its achievement is salutary.

Benefits in International Trade Foreseen From GATT

94AS0111F Calcutta *THE TELEGRAPH* in English
18 Dec 93 p 6

[Article by Anjan Roy: "Little Brother Does Get a Share"]

[Text] The ruckus in Parliament this week over India acceding to the General Agreement on Trade and Tariff (GATT) treaty (the Dunkel final draft) can be understood only in terms of political parties adopting positions of tactical advantage. They could not have meant it, after all.

For, it is difficult to believe that those who are aware of the mores of international trade could seriously oppose the decision. India accounts for less than 0.6 per cent of current international trade, whereas the European Community and the US share 40 per cent of world trade. Had India abstained, it would have made little difference to the proceedings, except that the marginal gains it has made would not have been available either. In fact, staying out of the GATT negotiations would have created many other problems for India.

For example, it would have meant India's withdrawal from the economic mainstream of today's world which was not feasible as it does not have the capacity to withstand such isolation. Thus, joining the negotiations and trying to wrest the maximum advantage out of it was the most sensible step on India's part.

The biggest advantage of acceding to the GATT treaty is that a multilateral trading organisation (MTO) has at last been formed to conduct international trade. In the absence of such a framework, trade would have to be conducted bilaterally between two countries in which the jungle [as printed] law of "might is right" would inevitably prevail. Trade can now be conducted on the basis of well-defined rules which have to be followed by both strong and weak trading partners. A rule-based system is by and large predictable and this should stabilise international trading.

So far, so good. However, while arriving at these broad parameters, certain interests have been sacrificed which many believe smacks of colonialism. The two biggest economic powers in the world, the US and the EC, have virtually dictated terms. The weakest economic entities, namely the developing world, have had to concede the most.

This was painfully apparent in the penultimate stages of the Uruguay Round of negotiations. Till the very last

moment, the fate of the talks was uncertain because the US and the EC could not agree on some point. But once the two Big Brothers hammered out a solution, the agreement was pronounced complete irrespective of any remaining differences.

The US and the EC have even humbled the economic giant Japan, and forced it to concede to a series of their demands. The country had to capitulate on the highly emotional issue of rice imports. Again, Argentina had to agree to a kind of market sharing arrangement for its principal exports, which are all agrarian products like wheat and beef.

In its present form, the completed round provides some relief to India. The agreement stipulates the phasing out of the Multi-fibres Agreement (MFA) and quotas for the export of textile items to the developed world. This should take care of India's interests to some extent. However, till the last moment, the US had tried to stall the phasing out of the MFA and wanted the period to be extended from 10 to 15 years.

As for the provisions of phasing out agricultural subsidies and continuation of a subsidised public food distribution system, fortunately, the levels of subsidies in the western economies are so high that ours are just a fraction of theirs. Hence, there should be no compulsion to lower farm subsidies just to accede to the Dunkel draft.

India, of course, would have to abide by the stricter codes of the agreement for the protection of patents and trade-related intellectual property rights. No doubt, these would affect some sectoral activities in India, like sections of the Indian drugs industry. However, even in a worst case scenario, the impact would be minimal. In the broader interests of the country, it might be better to honour the intellectual property rights because Indian entities could soon have some claims on them.

With the GATT accord taking final shape, what remains to be seen is the fine print of the agreement and the way it is implemented. For the ultimate test will be how "fairly" the agreement is adhered to.

Congress Support of GATT Seen Partisan, Not National Interest

94AS0111K Calcutta *THE TELEGRAPH* in English
19 Dec 93 p 6

[Editorial: "Hooked on Silence"]

[Text] Pathetically underinformed Congress members are not the only victims of the government's "ask me not" attitude over the effects of a concluded Uruguay round on India. Serious public misconception is another. And in no case is the information gap more severe and the reaction more spontaneous than in pharmaceuticals. The popular horror story is of product patents in the pharmaceutical sector engendering monopolies and, thus, higher prices. Such an outcome, if possible, is obviously undesirable for a country as poor as India. The story, however, is rather fanciful. Roughly eight drugs

are relevant in this context—Rifampicin, Bromhexine, Captropril, Salbutamol, Norfloxacin, Mebendazole, Ranitidine and Naproxen. Patents for only three, Captropril, Ranitidine and Norfloxacin, have not expired yet. The other five, due to expiry of their patents, are now classified as generic products. The three drugs for which patents are still valid will become generic products before the ten year adjustment period in the Dunkel draft for changing patent legislation is over. Of course, this does not cover the new products that will inevitably make their appearance. Product patents will apply to them. But to automatically conclude this would lead to higher prices is erroneous. Substitutes for the therapeutic equivalents of the eight drugs are available, without any great difficulty and not at extraordinary prices. These drugs presently constitute the essentials in pharmaceutical markets. It is extremely unlikely that this position will be radically changed. In that case new products, being new therapeutic equivalents of the eight drugs will be patented no doubt, but by virtue of the existence of substitutes will not be produced as monopolistic commodities. The spectre of unaffordable prices, foreign companies making hay while the majority of Indians suffer under the new patent regime is thus at best overimaginative.

And of course the government is to be blamed squarely for not making that clear. This is not merely a public relations disaster. It is unpardonable callousness given the multilateral trade treaty impinges on several fronts. That Parliament and the people were so ill informed about the nation's most important international economic agreement is however not surprising. A similar combination of ignorance of the norms of public debate in a democracy and inability or unwillingness to put forward its case when it has an excellent one is evident in the case of economic reforms. India's brave attempt to change its economic course is being conducted amidst ridiculous official taciturnity. Parliamentary debate as a result, as in the case of the Dunkel draft discussions, has rarely risen above partisan rhetoric. And even in that, the Congress members have been uncomfortable cheerleaders for reform, all the talk about ushering in change lacking the solidity that comes from a forthcoming and confidently articulate government. The Opposition, naturally, has had considerable success in tarring reform with virtually any brush it has chosen to—anti-poor, pro-exploitative international capital, means to selling the nation's economic sovereignty. Part of the problem is in the fact the Congress lacks a "great communicator." The prime minister, Mr P.V. Narasimha Rao, has comfortably proved his disadvantage in this field, and other senior party leaders are, when economically literate, not charismatic and when charismatic not capable of explaining "the new economic policies." But governments can get messages across even without persuasive communicators. The vast propaganda machine at their command doing the job. A number of Latin American nations have done exactly that. That India has not simply reflects how shoddy its standards and visions of governance are.

GATT Seen to Favor Industrialized Nations

94AS0111E Calcutta THE TELEGRAPH in English
19 Dec 93 p 16

[Article by Pramit Pal Chaudhuri: "GATT's Lack of Moral Fibre"]

[Text] The Uruguay round of the General Agreement on Tariffs and Trade has expanded world free trade. But one area where the Dunkel draft failed was textiles. Specifically it failed to put the slow death of the Multi-fibre Arrangement on the fast track. This was a triumph of Northern vested interest politics over economic sense and Southern demands.

The MFA was a protectionist intruder in GATT. Put together in 1973 the MFA was supposed to provide a temporary breathing space for a Western textile industry about to be inundated by a flood of Third World imports. But it was renewed repeatedly. One of the main points of the Dunkel draft was to kill the MFA by incorporating textiles into GATT. That absorption would mean the textile trade would be hampered only by low tariff barriers rather than the MFA's arbitrary and restrictive quota system.

The key question was the schedule under which MFA would be withdrawn—how long would the entire process take and what percentage of textiles would be shifted from MFA to GATT during each phase. Third World exporters like India and Pakistan went to GATT urging the phase-out period end in 1997. The US domestic textile industry preferred AD 2008. The European Union wanted 2001. In the end the Western nations negotiated among themselves and came up with 2003.

In addition, they were able to force a three-year "transition" period on top of this making the MFA's actual death date 2006. The South was forced to swallow this bitter pill.

Equally unbalanced was the percentage of textiles affected during each of the three phases. The third world had wanted 20 per cent in the first phase, 25 in the second and 30 in the last—over 10 years. Instead the GATT treaty provides 16, 17 and 18 per cent. This means that all the way until 2006, at least 49 per cent of textile exports will be governed by nation-by-nation quotas. Again there was little choice.

The Asian cloth kings have grumbled loudly at this act of hypocrisy by a West that preaches the benefits of a free market to them. But threatening the US with homemade versions of Super 301 would be the subject of good comedy, not good economic policy. India accomplished none of its set goals, in particular an accelerated phase-out schedule. Much of the supposed "successes" New Delhi is touting such as an increased US textile import quota are little more than token sops.

However, it is right when it says granting market access to US textile exports will have no impact on India's domestic industry. The US has had such access under the 1992-97 Indian import policy, but sold almost nothing.

Its makers cannot compete with India's except in brand name designer labels like "Arrow" or "Lacoste."

In addition, Mr Bill Clinton had made a Faustian pact with US domestic textile makers. In order to get the North American Free Trade Agreement (NAFTA) through Congress, he promised them that demands for a fore-shortening of the MFA's lifespan would be resisted. Though he failed to get 15 years he was able to get 13, which was almost as good. He quite ignored the fact that the MFA by 1986 alone was estimated to have cost the US consumer \$40 billion through artificially high prices.

One reason the North had its way was the complete inability of the South to put up a united front. Sri Lanka, for example, preferred the MFA because its quota system guaranteed it exports. Under a free trade GATT regime it would have to compete with more efficient producers like India.

The unspoken truth, US and Indian industry analysts say, is that if the MFA were banned overnight it would not necessarily be India that would benefit the most. Compared to the state-of-the-art textile makers of Hong Kong and southeast Asia, Indian industry is still a few steps behind. Though 13 years is too long, India needs a breathing space as well.

BJP Against Dunkel Proposals, GATT

94AS0111D Calcutta THE TELEGRAPH in English
20 Dec 93 p 2

[Text] New Delhi, Dec. 19—The swadeshi hardliners in the BJP forced the party to retain a crucial clause in the economic resolution on the Dunkel draft which called for the "total" rejection of proposals aimed at expanding the scope of the General Agreement on Trade and Tariff (GATT).

The original draft which had incorporated the clause was dropped after being screened by a few party general secretaries. When the draft was put before the BJP national executive, many members stood up to press for the complete opposition to the proposed GATT treaty.

The leaders who were in favour of the party adopting a "middle of the road" attitude over the Dunkel draft found themselves isolated and the majority opinion prevailed. Members argued that the party could not afford to take a wishy-washy attitude over the draft in view of the strong line adopted by other Opposition parties over the issue.

A few voices which spoke in favour of advocating a partial opposition to the Dunkel proposals were heavily outnumbered. The final draft which was presented to the Press had been worked out by party general secretaries, Mr Pramod Mahajan, and Mr K.N. Govindacharya and the convenor of the BJP economic cell, Mr Jay Dubashi.

The discussion on the Dunkel proposals could not be expanded to include other contentious issues regarding the party's stand on liberalisation, but many in the party who feel that swadeshi should be taken in a big way, welcomed the view of speakers calling for strong reaction

to the Dunkel proposals. Leaders who have been known to have differences with swadeshi hawks who believe that foreign capital should be treated with extreme caution were conspicuously silent.

The resolution on the Dunkel draft is the only concrete document that the party has adopted. The two other documents are in the nature of poll analysis. The party had previously limited its opposition to the Dunkel draft proposals dealing with agriculture, but has now announced its total rejection of the move to globalise trade and lower tariffs.

The senior party leader, Mr Atal Behari Vajpayee, who addressed the Press today, denied that the party had belatedly woken up to the dangers of the Dunkel draft's proposals. "We have been speaking on the agriculture-related before and now that the government has failed to protect our interests, we have decided to take up the issue," he said.

The resolution states that the government's acceptance to the officials-level agreement over the GATT treaty amounted to sacrificing the interests of the country. The day on which the agreement was signed would go down as a "Black Day" in the nation's history.

The rich nations have used their economic muscle to ride roughshod over the interests of the poor nations and the proposed treaty would keep the Indian consumer at the receiving end of powerful multinational corporations, the resolution states. The Third World was once again facing the threat of a new type of colonial aggression, it emphasised.

The resolution attacks the Union commerce minister, Mr Pranab Mukherjee, for having stated in Parliament that India had not been able to stand up to the pressures exerted by the US and the European union. While the South Korean Premier had tended in his resignation at being unable to protect the country's commitment not [to] allow rice imports, the P.V. Narasimha Rao government had virtually opened the entire economy.

The statement also points out that the prices of food would rise and the buffer stock would be under threat. Giving an example, the resolution states that China has increased its exports manifold and enjoys a trade surplus. However, reports today said that China has accepted all GATT conditions needed for it to rejoin the negotiation process.

GATT Seen Damaging Domestic Market

94AS0111J Calcutta THE TELEGRAPH in English
20 Dec 93 p 8

[Article by Nikhil Chakravarty: "The GATT Is in the Fire"]

[Text] The storm over the government's meek submission to the Dunkel draft as now inscribed in the General Agreement on Tariffs and Trade is not over. It has only subsided for the present.

According to the Constitution, Parliament cannot prevent the government from signing treaties. However, ratification may be greatly delayed or may not materialise at all for years, like in the case of the Universal Declaration of Human Rights.

This does not mean the almost weeklong uproar over GATT was an exercise in futility. Rather, it brought home to the government serious misgivings on the economic arrangement to which India has been committed.

This has been a desperate gamble by a government commanding only minority support in the Lok Sabha. It is the precise reason behind the government's studied ambiguity on every item that may affect the country under the new world trade regime.

The statement by Mr Pranab Mukherjee, the Union commerce minister, has tried to hide rather than reveal the actual implications of the trade regime, to be ushered in next year. Associated Press filed a report from Geneva on December 17 that said, "Indian farmers and drug companies are likely to be hit by patent fees on seeds and pharmaceuticals."

Mr Mukherjee has tried to cover up even this. That the prices of medicines will shoot up cannot be denied.

Mr Eduardo Faleiro, the minister of state for chemicals, has assured the country the government can control prices of medicines through the drug price control order. He is well aware that no international commitment by the government can be negated by any control at home.

This is particularly true when the present government is fervently offering oblations to the god of the market.

The government has never taken Parliament into serious confidence about the problems and pitfalls in the Uruguay round. At the Punta del Este meeting of GATT in 1986, India took a firm stand which some bureaucrats sought to surreptitiously modify. But this was scotched at Montreal.

However, the surrender lobby was never disarmed. Its intrigues continued until it came on top in 1991 with the present government.

The line of surrender was clearly palpable when the Dunkel draft was first published two years ago. Not accidentally, this was precisely the point when the government was practically hijacked by the International Monetary Fund-World Bank mafia—Mr Manmohan Singh and his team.

The capitulation line in GATT fitted beautifully with submission to the IMF's structural adjustment prescription two years ago. In fact, the Dunkel draft represented an essential component of Manmohanomics.

Thinking the Dunkel injunctions could be defied without upsetting the well-entrenched structural adjustment edifice of the finance ministry is absurd. A similar argument is it would be disastrous if India refused to sign GATT.

This is similar to the argument about the problems in case India failed to meet commitments on debt servicing in 1991. As with the new economic policy, the government has avoided telling Parliament the full implications of each item of the elaborate structure of the new GATT.

An extensive and exposing public campaign was launched immediately after the Dunkel draft was released, particularly on the question of patents. No recent campaign has mobilised such a wide response from intellectuals cutting across party lines.

The government was in a quandary. On the one hand it had already surrendered on the economic front to the Fund-Bank dictates due to the machinations of Mr Manmohan Singh and his team. On the other it had to contend with serious objections to the Dunkel draft by all political parties, including a considerable section of Congressmen.

Not surprisingly, the government took the subterfuge of so-called consultations to cover up its capitulation at the GATT talks. A cabinet sub-committee was set up under Mr Arjun Singh to elicit public opinion on the Dunkel draft. It met a number of spokesmen with different points of view. No one has been told of the outcome of the exercise.

Despite representations by different bodies, public meetings and discussions, the government maintained a studied silence at home. Meanwhile, it was virtually inactive at the negotiating table in Uruguay.

Indian initiative in rallying the developing nations to force changes in the world trade pattern is not possible. The negotiators themselves were hamstrung by the government's continuous commitments to the Fund-Bank.

The government's mendacious position is clear from the timetable it fixed for the final round of parliamentary discussion on the Dunkel draft. The deadline for the new GATT accord being December 15, the government conceded a debate in Parliament to begin on December 6. Obviously, the government was not serious about the debate influencing its stand at Geneva.

Even Mr Mukherjee's statement could be extracted by Parliament after the cabinet had already instructed the government's representative at GATT to sign the new accord. As in the case of economic policy, the government moved without consulting Parliament, though it does not command a clear majority in Lok Sabha.

Though a public campaign by an informed body of concerned citizens is on, this was not reflected in the Opposition's performance in the past two years. There have been angry protests in both houses of Parliament in the past week but only after the horse had fled from the stable.

The standing committee of Parliament attached to the commerce ministry examined the Dunkel draft for six long months. It submitted its report only on December 13—two days before the GATT deadline. So, its critical evaluation of the draft is only of academic interest.

Had this job been given top priority and done three months earlier, there could have been some chance to force the government on this issue. As in other urgent issues nowadays, Parliament is defaulting in its role as the mirror of public perception and concern.

It is clear from the world situation that GATT is hardly going to establish a global regime of peaceful trade. Frictions are inevitable between countries, regional groups and certainly the developed giants of the Group of Seven.

It is widely perceived the new era following the end of the Cold War will witness fierce rivalry among industrial giants for capturing the world market. In other words, an unprecedented trade war is in the offing.

In such a situation, a watchful government in the developing world representing the bulk of the world's manpower, resources and market can effectively intervene to defend third world interests. Whether India will aspire to play this role and if the present establishment, with the halter of Manmohanomics round its neck, can play it is for the nation to judge.

Rao Said to Avoid Opposition Protest of GATT

94AS0111L Calcutta THE STATESMAN in English
20 Dec 93 p 6

[Article by Keith Flory: "Opposition Dismayed As Rao Avoids Speech on GATT"]

[Text] New Delhi, Dec. 19—Elders ended the week on a particularly unhappy note. The "dirty tricks department" of the ruling party appeared to have reactivated itself, and while it ensured that the Opposition could not draw a drop of blood along with the proverbial pound of flesh, the manner in which the footlights faded on the Dunkel drama actually constituted one of the darker pages in the parliamentary chronicle. The Opposition was justified in feeling cheated.

After disrupting the House for almost two days over the signing of the Final Draft Act—to get the terminology correct—the Opposition had withdrawn its protest after being given to understand that the Prime Minister would address some of its anxieties. The Deputy Chairman had clearly told them Mr P.V. Narasimha Rao would make a statement and the closed-circuit television information system had flashed the same message.

Even when the Deputy Chairman ordered that clarifications be sought on the Commerce Minister's statement. Opposition members thought Mr Rao would eventually make a few remarks. They did not sense something amiss when, in response to a query from among their ranks about the Prime Minister making a statement, the Deputy Chairman indicated a change in the format.

Thus it was that the Opposition reacted with dismay and surprise when, immediately after Mr Pranab Mukherjee concluded his reply, the House was adjourned for the day. There was no opportunity to demand that the Prime Minister speak and no chance to exercise the legitimate form of expressing displeasure through a walk-out.

The manner in which the Government handled the entire affair did nothing to suggest that it genuinely treated members with respect. When the Opposition questioned the veracity of newspaper reports that the Cabinet had given the negotiators in Geneva the green signal, there was no response. It took an occupation of the well to dislodge Mr Kamaluddeen Ahmed from his seat, and all he had to offer was that a statement might be made later in the day.

The Opposition did not overdo the obstructionist tactics. The Deputy Chairman ordered a brief adjournment, saying she would contact the Commerce Minister. When the House reassembled, no protest was made when Dr Najma Heptullah explained that she had not been able to talk to the Minister since he was attending a meeting. Then Mr Mukherjee came to the House, but only minutes before the scheduled lunch-break.

Yet when the post-lunch session commenced, it was announced that the statement would be made the following day—after the agreement would have been signed. Obviously, the reaction of the Opposition was one of extreme displeasure and the House was brought to a virtual standstill. Disgruntled members relented on the understanding that the Prime Minister would intervene, but as things turned out, that was not to be.

It was not merely from the parliamentary angle that the Government bungled. The impression it sent out was that it was not particularly convinced about the positive aspects of the agreements. The parliamentary version of the GATT dispute also brought another important issue into focus—the status of the reports of the Standing Committees that were introduced earlier this year. The Opposition maintained that the Government had totally ignored the unanimous recommendations of a committee comprising members of all the political parties, and, therefore, questioned the utility of the Standing Committees. It was only technically correct.

As the Commerce Minister pointed out, the committee presented its report to Parliament only a day before the expiry of the deadline to sign the agreement, so how could anyone expect the Government to formulate its negotiating stance on the basis of the report?

Since just about anyone with even a faint knowledge of the GATT process was aware of the December 15 deadline, surely the committee, headed by an experienced person like Mr I.K. Gujral, ought to have been alert about that. What purpose, other than completing a formality, could the members of the committee have imagined would be served by submitting a report on December 14?

The ruling party members appeared quite happy that they had outplayed the Opposition and averted any kind of attack on the Prime Minister. But they wore false smiles. They had not been deft, but devious. And the difference between the two is enormous.

The varied tactics adopted by the BJP to protest against the arrest of its leaders (not particularly effective since by

the end of the week few even took note of its absence) resulted in M.P.s doing some thinking about the disruption of question hour as a valid form of protest. When the members of the other parties raised strong objections to being denied one of their most valued instruments, the message went home. No disruptions thereafter.

There was, however, another dimension to the issue.

Effects of GATT Agreement Summarized

94AS0111A Calcutta THE TELEGRAPH in English
26 Dec 93 p 11

[Article by Sudha Bhatia: "What GATT Means for India"]

[Text] India's main objective in signing the new General Agreement on Tariffs and Trade (GATT) treaty is to increase its share in world trade, which in 1992 was a meagre 0.4 per cent of the total \$3,500 billion. Protagonists of the new treaty say that India has all the policy instruments in place to increase its share to at least the 1950s level of 3.6 per cent.

The question is, what are the likely gains for India's exports? Can India capture a share of the additional expansion of world trade following the Uruguay Round by AD 2005? The GATT secretariat offers a clue when it says that the largest increases in trade will come in textiles and clothing and in agriculture—areas in which India is competitive. Movement of personnel is another area in which India is expected to gain.

On the other hand, what is of grave concern is India is the impact of the new intellectual property regime on the drugs and pharmaceuticals industry and prices. A look at the sector specific implications reveals the following:

Services

A gain for India. The US has made one of the best offers allowing global movement of 65,000 skilled professionals annually in the software services sector, medical and educational fields. However, Indian negotiators are disappointed that the offers do not cover semi-skilled workers.

Australia and Canada have also offered no caps on movement of skilled personnel for individual professionals. Using a crude indicator, even if 10,000 personnel move to the US in one year and save \$1,000 per month, the total remittances that could accrue to India are \$120 million, and that just from the US. However, these gains could be substantially diluted if India does not offer "significant" market access in financial services. A "comprise" clause says that countries can modify their offers, if there are no improvements in access for financial services.

Textiles

By far the biggest gain for India. The gains will, however, be long term ones. India's potential as a leading exporter is evident from the fact that out of the average imports by developed countries in the six year period of 1986 to

1991, which was to the tune of \$66 billion, the share of the developing countries, despite the import quotas, was half, at \$33 billion.

A measure of India's strengths in this sector can also be gauged from the fact that in 1990-91, this accounted for a quarter of India's merchandise exports.

According to industry analysts, India's main rivals—South Korea, Hong Kong, Taiwan and Malaysia—are expected to lose their competitive edge due to high wage costs. India and China are expected to emerge as the major players, says one of India's chief negotiators.

TRIPS

Trade related intellectual property rights (TRIPs) will have the most serious implications for the Indian drug industry and consumers who will have to pay higher prices. "Prices will go up by as much as 10 to 15 times," according to B.K. Keayla of the National Working Group on Patent Laws. The rise in prices is estimated on the basis of comparisons with drug prices in Pakistan which recognises product patents. Mr Keayla argues that Pakistan is the most relevant comparison as it has comparable living standards.

A complex world will be ushered in where Indian firms will exploit the process patent regime, an area where it has considerable expertise. Transnationals will exploit both the process and the product patent regime. As a result, an "anti-competitive situation will develop amongst both Indian firms and transnationals." This tendency will be more acute among the latter.

The benefits of the transitional period—10 years—for India has also been considerably diluted as process and product patents registered after the enforcement of agreement, will be granted exclusive marketing rights. Mr Keayla also warns that "transnationals can develop new processes claiming less toxicity and side effects and secure exclusive marketing rights," even though their products may have been registered before the date of the enforcement of the agreement.

More importantly, industry sources say that as imports will be granted the same patent rights as domestic production, enhanced protection for intellectual property will not lead to significant foreign investment inflows in this sector.

Micro-organisms, which are useful for varying purposes, including raising agricultural production to pharmaceutical applications, are not covered under the IPR provisions. At the same time, says a former Indian trade negotiator, "There is no express clause that these will be excluded, leaving room for dispute."

Seeds will become patentable, but farmers will have the right to store and re-use seeds. Estimates by the agricultural ministry show that seed prices will go up marginally by 5 to 7 per cent, but farmers will be compensated by higher yields.

Agriculture

Agriculture is expected to be the fastest growing sector in the post-Uruguay world, according to Anwarul Hoda, deputy director-general of GATT. This could open up India's opportunity for exports of wheat and sugar, if production is according to expectations. There are welfare gains in this as well, as these are labour-intensive crops. However, it is not clear to what extent US and the EC will cut subsidies on these crops, as the cuts apply on overall volumes and not specific crops. This will enable the countries to manage the cuts in such a way that their export competitiveness is not hurt.

The cuts on subsidies are expected to help Indian farmers as world agricultural prices will rise by 10 per cent. The gap between international and domestic prices is expected to widen, making exports attractive. For instance, using indicative figures, the present domestic price for wheat is Rs 4,000 per tonne, whereas the expected international price could be well over Rs 5,000 per tonne.

Customs Duties

Developed countries will have to cut import duties on industrial goods from an average of 5 per cent to 2.5 per cent over five years. On top of this, over 40 per cent of the imports by the rich countries will be duty free. Duties will be scrapped on items like steel, pharmaceuticals, furniture, paper—areas where India enjoys a competitive edge.

Take a look at our potential: According to experts, our integrated steel producers will gain as we are competitive in semi-finished products like billets, blooms and plates. Our export price of plates is approximately Rs 11,000 a tonne, whereas the international price is Rs 12,000 a

tonne. Our export price of HR coils is \$250 a tonne, whereas the international price is \$270 a tonne.

Chemical exports like dye stuff and oleo-resins should also increase sharply due to the drastic cuts in tariff rates by countries like the US from a weighted average of 7.2 per cent to 4 per cent over a period of five years.

New Trade Body

This will give teeth to enforce the GATT commitments. The powers of the US to take recourse to unilateral action under Section 301 will also be significantly diluted. If a member country does not comply with the commitments offered in the new GATT discipline, a complainant will have to seek a consensus from other member countries whether such a charge is just. Again, even if the findings are in favour of the complainant, a country cannot retaliate without a "multilateral authorisation." However, the US is expected to find new ways to apply Section 301 to areas which are not covered by the GATT discipline, according to a senior member of the GATT secretariat.

Balance Sheet

In the final analysis, the new GATT package offers a mixed bag of pluses and minuses for India. Whether India will be able to capitalise on the opportunities will be determined by the course of events and the support of countries like the US and those of the EC. Imperfect as the GATT package may be in addressing the concerns of developing nations like India, it will be unwise to step out and lose the benefits that multilateralism confers on member countries. If India opts out, pressures to yield much more in bilateral negotiations will intensify for acquiring similar benefits embodied in the new GATT treaty.

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